



Paradeep Phosphates Limited

PARADEEP PHOSPHATES LIMITED

Our Company was initially incorporated as “Paradeep Phosphates Limited” a private limited company, in Odisha, under the Companies Act, 1956, pursuant to a certificate of incorporation dated December 24, 1981, granted by the Registrar of Companies, Odisha at Cuttack. Our Company was granted an exemption under Section 620 of the Companies Act, 1956 from using the term ‘private’ as part of its name. Our Company was thereafter converted to a public company pursuant to a special resolution passed by our Shareholders on April 29, 2002. For details in relation to changes in the registered office of our Company, see “**History and Certain Corporate Matters**” beginning on page 202.

Corporate Identity Number: U241290R1981PLC001020

Registered Office: 5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J.N Marg, Bhubaneswar 751 001, Odisha, India

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

Contact Person: Sachin Patil, Company Secretary and Compliance Officer; Tel: +91 080 45855561; E-mail: cs.ppl@adventz.com

Website: www.paradeepphosphates.com

OUR PROMOTERS: ZUARI MAROC PHOSPHATES PRIVATE LIMITED, ZUARI AGRO CHEMICALS LIMITED, OCP S.A AND THE PRESIDENT OF INDIA, ACTING THROUGH THE DEPARTMENT OF FERTILIZERS, MINISTRY OF CHEMICALS AND FERTILIZERS, GOVERNMENT OF INDIA*

* While the GoI is one of the Promoters of our Company and will continue to be so until completion of the Offer; please note that the GoI is proposing to sell its entire shareholding in the Company through the Offer for Sale and it has represented that it will cease to be a Promoter of the Company on the listing of the Equity Shares pursuant to the Offer. The Company will take suitable steps to declassify the GoI as a Promoter in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 post listing of the Equity Shares pursuant to the Offer.

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH (THE “EQUITY SHARES”) OF PARADEEP PHOSPHATES LIMITED (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE “OFFER PRICE”) AGGREGATING TO ₹ [●] MILLION COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING TO ₹ 12,550.00 MILLION (THE “FRESH ISSUE”) AND AN OFFER FOR SALE OF UP TO 120,035,800 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION COMPRISING UP TO 7,546,800 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION BY ZUARI MAROC PHOSPHATES PRIVATE LIMITED (“ZMPPL”) AND UP TO 112,489,000 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF CHEMICALS AND FERTILIZERS, GOVERNMENT OF INDIA (THE “GoI”) AND TOGETHER WITH ZMPPL, THE “SELLING SHAREHOLDERS” AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE “OFFERED SHARES”) (SUCH OFFER FOR SALE BY THE SELLING SHAREHOLDERS, THE “OFFER FOR SALE” AND TOGETHER WITH THE FRESH ISSUE, “THE OFFER”). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY AND SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND [●] EDITION OF [●], AN ODISHA NEWSPAPER, ODISHA BEING THE REGIONAL LANGUAGE OF ODISHA, WHERE OUR REGISTERED OFFICE IS LOCATED, EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED (“BSE”) AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”), AND TOGETHER WITH BSE, THE “STOCK EXCHANGES”) FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”).

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank, as applicable. The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (“SCRR”) read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50 % of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”, the “QIB Portion”), provided that our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (“Anchor Investor Portion”), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIB Bidders (other than Anchor Investors). Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount (“ASBA”) process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see “**Offer Procedure**” beginning on page 439.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and Offer Price (determined by our Company and the Selling Shareholders in consultation with the BRLMs and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under “**Basis for Offer Price**” beginning on page 89) should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to “**Risk Factors**” beginning on page 26.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholders accept responsibility for and confirms the statements made by the Selling Shareholders in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchange. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purpose of this Offer, [●] is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see “**Material Contracts and Documents for Inspection**” on page 468.

BOOK RUNNING LEAD MANAGERS

Axis Capital Limited 1 st Floor, Axis House C-2, Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Maharashtra, India Tel: + 91 22 4325 2183 E-mail: ppl ipo@axiscap.in Website: www.axiscapital.co.in Investor grievance e-mail: complaints@axiscap.in Contact person: Ankit Bhatia SEBI Registration No.: INM000012029	ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra, India Tel: +91 22 2288 2460 E-mail: ppl.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Contact Person: Rupesh Khant SEBI Registration No.: INM000011179

		REGISTRAR TO THE OFFER
JM Financial Limited 7 th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India Tel: +91 22 6630 3030 E-mail: paradeep.ipo@jmfl.com Investor Grievance E-mail: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Prachee Dhuri SEBI Registration No.: INM000010361	SBI Capital Markets Limited 202, Marker Tower 'E' Cuffe Parade, Mumbai 400 005 Maharashtra, India Tel: +91 22 2217 8300 E-mail: ppl.ipo@sbicaps.com Website: www.sbicaps.com Investor grievance e-mail: investor.relations@sbicaps.com Contact person: Karan Savardekar / Gaurav Mittal SEBI Registration No.: INM000003531	Link Intime India Private Limited C-101, 1 st Floor, 247, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083 Maharashtra, India Tel: +91 22 4918 6200 E-mail: ppl.ipo@linkintime.co.in Website: www.linkintime.co.in Investor grievance e-mail: ppl.ipo@linkintime.co.in Contact person: Shanti Gopalkrishnan SEBI Registration No.: INR000004058

BID/ OFFER OPENS ON ⁽¹⁾	[●]	BID/ OFFER CLOSING ON ⁽²⁾	[●]

⁽¹⁾ Our Company and the Selling Shareholders in consultation with the BRLMs may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date.

⁽²⁾ Our Company and the Selling Shareholders in consultation with the BRLMs may decide to close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

Unless the context otherwise indicates, all references to “the Company”, and “our Company”, are references to Paradeep Phosphates Limited, a public limited company incorporated in India under the Companies Act, 1956 with its registered office at 5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J.N Marg, Bhubaneswar 751 001, Odisha, India. Furthermore, unless the context otherwise indicates, all references to the terms “we”, “us” and “our” are to our Company on a consolidated basis.

Notwithstanding the foregoing, terms in “Main Provisions of the Articles of Association”, “Offer Procedure”, “Statement of Special Tax Benefits”, “Basis for Offer Price”, “Industry Overview”, “Key Regulations and Policies in India”, “Restated Consolidated Financial Information”, “Unaudited Pro Forma Condensed Combined Financial Information”, “Special Purpose Carve Out Financial Statements”, “Outstanding Litigation and Material Developments” and “Government and Other Approvals”, on pages 454, 439, 91, 89, 98, 195, 241, 290, 302 and 408, respectively, will have the meaning ascribed to such terms in these respective sections.

Company Related Terms

Term	Description
AoA / Articles of Association / Articles	The articles of association of our Company, as amended
Audit Committee	The audit committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations and as described in “ Our Management ” on page 207
Auditors / Statutory Auditors	The statutory auditors of our Company, being B S R & Co. LLP
Board / Board of Directors	The board of directors of our Company including a duly constituted committee thereof
Business Transfer Agreement/ BTA	Business transfer agreement dated March 1, 2021 executed by our Company and ZACL, as amended by the addendum to the business transfer agreement dated July 30, 2021
Chief Financial Officer / CFO	Chief financial officer of our Company
Compliance Officer	The compliance officer of our Company in relation to the Offer
Corporate Office	Corporate office of our Company located at 3rd Floor, Adventz Centre, 28, Union Street, Off. Cubbon Road, Bengaluru 560 001, Karnataka, India
CSR Committee	The corporate social responsibility committee of our Board constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in “ Our Management ” on page 207
Director(s)	The director(s) on our Board of Directors
ESOP 2021	PPL Employees Stock Option Plan, 2021
Equity Shares	The equity shares of our Company bearing face value of ₹ 10 each
Goa Facility or ZACL Fertilizer Division	Business of developing, manufacturing and trading of urea and NPK products carried out at the manufacturing units of ZACL located at Zuarinagar, Goa, including the Purchased Assets, Transferred Employees and the Assumed Liabilities. Further, the BTA states that it shall not include the business of (i) developing and manufacturing of single super phosphate (SSP) fertilizers, and (ii) trading undertaken by Zuari Farmhub Limited and its affiliates and Mangalore Chemicals and Fertilizers Limited and its affiliates
GoI	The President of India, acting through the Department of Fertilizers, Ministry of Chemicals and Fertilizers, Government of India
Group Companies	Companies which include (in terms of the SEBI ICDR Regulations) companies (other than our Promoters) with which there were related party transactions as disclosed in the Restated Consolidated Financial Information as covered under the applicable accounting standards, and any other companies as considered material by our Board, in accordance with the Materiality Policy, as described in “ Our Group Companies ” on page 232
Independent Director	Independent directors on the Board, as disclosed in “ Our Management ” on page 207
IPO Committee	The IPO committee of our Company as described in “ Our Management ” on page 207

Term	Description
Joint Venture	Zuari Yoma Agri Solutions Limited. Zuari Yoma Agri Solutions Limited has been identified as an associate of our Company in the Restated Consolidated Financial Information in accordance with applicable accounting standards.
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “Our Management” on page 207
Materiality Policy	The policy adopted by our Board on August 10, 2021 for identification of Group Companies, material outstanding litigation and outstanding dues to material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations
MoA / Memorandum of Association	The memorandum of association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in “Our Management” on page 207
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in “Promoter and Promoter Group” on page 226
Promoters	The promoters of our Company, namely, ZMPPL, ZACL, OCP and GoI*
	<i>* While the GoI is one of the Promoters of our Company and will continue to be so until completion of the Offer; please note that the GoI is proposing to sell its entire shareholding in the Company through the Offer for Sale and it has represented that it will cease to be a Promoter of the Company on the listing of the Equity Shares pursuant to the Offer. The Company will take suitable steps to declassify the GoI as a Promoter in accordance with the SEBI Listing Regulations post listing of the Equity Shares pursuant to the Offer.</i>
OCP	OCP S.A
Registered Office	The registered office of our Company, situated at 5 th Floor, Orissa State Handloom Weavers’ Co-Operative Building, Pandit J.N Marg, Bhubaneswar 751 001, Odisha, India.
Restated Consolidated Financial Information	Restated consolidated financial statements of our Company as at and for the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019 together with the summary statement of significant accounting policies, and other explanatory information, which have been prepared in accordance with the Companies Act 2013, Ind AS and Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI, and restated in accordance with the SEBI ICDR Regulations, included in “Financial Information” on page 241
RoC / Registrar of Companies	Registrar of Companies, Odisha at Cuttack
Shareholders	The holders of the Equity Shares from time to time
Special Purpose Carve-Out Financial Statements	The special purpose carve-out financial statements of the Goa Facility, (ZACL Fertilizer Division), which comprise the carved out balance sheet as at and for the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the related carved out statement of profit and loss, carved out statement of cash flows and a summary of the significant accounting policies and other explanatory information prepared in accordance with (i) the terms of BTA, (ii) the recognition and measurement principles of Ind AS, disclosure requirement of Schedule III to the Companies Act and (iii) the Guidance Note on Combined and Carved-Out Financial Statements issued by the ICAI.
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in “Our Management” on page 207
SHA / Shareholders’ Agreement	Shareholders’ Agreement dated February 28, 2002 entered into among our Company, the President of India, Zuari Maroc Phosphates Private Limited, Zuari Industries Limited and Maroc Phosphore S.A.
Unaudited Pro Forma Condensed Combined Financial Information	The unaudited pro forma condensed combined financial information which comprises of the unaudited pro forma condensed combined balance sheet as at March 31, 2021, the unaudited pro forma condensed combined statement of profit and loss for the year ended March 31, 2021 and explanatory notes thereto. The unaudited pro forma condensed combined financial information has been prepared using the principle as prescribed under Ind AS 103, “Business Combinations” and by taking into consideration; (i) the consolidated financial statements of the Company for the year ended March 31, 2021; (ii) Special Purpose Carve-Out Financial Statements; (iii) Adjustments made to the Special Purpose Carve-Out Financial Statements; (iv) Adjustments to the unaudited pro forma condensed combined financial information arising from transactions between the Company and ZACL Fertiliser Business at and during the year ended March 31, 2021; (iv) Adjustments to recognise the impact of allocation of proposed purchase consideration payable by the Company; and (v) Adjustments to recognise expenditure incurred by the Company that are directly attributable to the business combination.

Term	Description
ZACL	Zuari Agro Chemicals Limited
ZMPPL	Zuari Maroc Phosphates Private Limited

Offer Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the respective Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
“Allotted” or “Allotment” or “Allot”	Unless the context otherwise requires, allotment and transfer of Equity Shares pursuant to the Offer to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Anchor Investor	A QIB, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this Draft Red Herring Prospectus
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the BRLMs during the Anchor Investor Bidding Date
Anchor Investor Application Form	Form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bidding Date	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which BRLMs will not accept any Bids from Anchor Investors, and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Pay-In Date	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price, not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLMs, to Anchor Investors, on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors, which price shall be determined by the Company in consultation with the BRLMs
“Application Supported by Blocked Amount” or “ASBA”	An application (whether physical or electronic) by a Bidder (other than Anchor Investors) to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account and will include application made by RIIs using UPI, where the Bid amount will be blocked upon acceptance of UPI Mandate Request by RIIs
ASBA Account	A bank account maintained with an SCSB and specified in the Bid cum Application Form which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by a Bidder (other than a Bid by an Anchor Investor) and includes a bank account maintained by a Retail Individual Investor linked to a UPI ID, which will be blocked in relation to a Bid by a Retail Individual Investor Bidding through the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investor
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders bidding through the ASBA process, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis	Axis Capital Limited
Banker(s) to the Offer	Collectively, the Escrow Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank, as the case may be
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in “ Offer Procedure ” on page 439
Bid	An indication to make an offer during the Bid/ Offer Period by a Bidder (other than an Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term ‘Bidding’ shall be construed accordingly.

Term	Description
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of Retail Individual Bidders Bidding at the Cut-off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Odia daily newspaper, Odia being the regional language of Odisha, where our Registered Office is located). In case of any revisions, the extended Bid/ Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the other members of the Syndicate. Our Company and the Selling Shareholders in consultation with the BRLMs may consider closing the Bid/ Offer Period for the QIB Portion one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Odia daily newspaper, Odia being the regional language of Odisha, where our Registered Office is located)
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated SCSB Branches, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	The book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
“Book Running Lead Managers” or “BRLMs”	The book running lead managers to the Offer, in this case being Axis, I-Sec, JM Financial and SBICAP
Broker Centres	Broker centres of the Registered Brokers where Bidders (other than Anchor Investors) can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI) to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares to be sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted, including any revisions thereof
Client ID	Client identification number of the Bidder’s beneficiary account
Collecting Depository Participants/ CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered with SEBI Act and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	The Offer Price, finalised by our Company and the Selling Shareholders in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation, and bank account details and UPI ID, as applicable
Designated CDP Locations	Such centres of the Collecting Depository Participants where Bidders (except Anchor Investors) can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI). The details of such Designated CDP Locations, along with the names and contact details of the

Term	Description
	CDPs are available on the respective websites of the Stock Exchanges and updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIIs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediaries	In relation to ASBA Forms submitted by RIIs authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIIs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs, Designated Intermediaries shall mean SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs
Designated RTA Locations	Such centres of the RTAs where Bidders (except Anchor Investors) can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI). The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
DP	Depository Participant
DP ID	Depository Participant's identity number
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated August 12, 2021 filed with SEBI and Stock Exchanges and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares are offered and the size of the Offer, and includes any addenda or corrigenda thereto
Eligible FPI(s)	FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible NRI(s)	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus and the Bid Cum Application Form constitutes an invitation to subscribe or purchase for the Equity Shares
Escrow Account(s)	Account(s) opened with the Escrow Bank for the Offer and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS or NACH in respect of the Bid Amount when submitting a Bid
Escrow and Sponsor Bank Agreement	The agreement dated [●] entered into amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Member(s), the Sponsor Bank, the Escrow Collection Bank, the Public Offer Account Bank and the Refund Bank for collection of the Bid Amounts and where applicable, remitting refunds (if any) on the terms and conditions thereof
Escrow Collection Bank	A bank, which is registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account will be opened, in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revisions thereof, at or above which the Offer Price and Anchor Investor Offer Price will be finalised and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Offer	Fresh issue of up to [●] Equity Shares aggregating to ₹ 12,550.00 million by our Company
General Information Document/ GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges the JGC-BRLMs and the BRLMs
GoI Selling Shareholder	The President of India, acting through the Ministry of Chemicals and Fertilizers, Government of India

Term	Description
I-Sec	ICICI Securities Limited
JM Financial	JM Financial Limited
Maximum RII Allottees	The maximum number of Retail Individual Investors who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Investors by the minimum Bid Lot
Monitoring Agency	[●]
Monitoring Agency Agreement	The agreement to be entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the QIB Portion(excluding the Anchor Investor Portion) or [●] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Net Proceeds	Proceeds of the Offer less Offer expenses. For further details, see “ <i>Objects of the Offer</i> ” on page 79
Non-Institutional Portion	The portion of the Offer, being not less than 15% of the Offer or [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price
Non-Institutional Investors/ NIIs	All Bidders, including FPIs other than individuals, corporate bodies and family offices, registered with the SEBI that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Offer	The initial public offer of Equity Shares comprising the Fresh Offer and the Offer for Sale
Offer Agreement	The agreement dated August 12, 2021 entered into amongst our Company, the Selling Shareholders and the BRLMs pursuant to which certain arrangements are agreed to in relation to the Offer
Offer Documents	Collectively, the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus
Offer Price	The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price, which will be decided by our Company, in consultation with the Book Running Lead Managers, in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus
Offer for Sale	The offer for sale of 7,659,289,000 Equity Shares aggregating to ₹ [●] million by the Selling Shareholders in the Offer
Price Band	Price band ranging from a Floor Price of ₹ [●] per Equity Share to a Cap Price of ₹ [●] per Equity Share, including revisions thereof, if any. The Price Band will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and the minimum Bid Lot size will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in [●] editions of [●] (a widely circulated English national newspaper) [●] editions of [●] (a widely circulated Hindi national newspaper) and [●] editions of [●] (a widely circulated Odia daily newspaper, Odia being the regional language of Odisha, where our Registered Office is situated), at least two Working Days prior to the Bid/ Offer Closing Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their websites
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLMs, shall finalize the Offer Price
Promoter Selling Shareholder	ZMPPL
Prospectus	The prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Sections 26 and 32 of the Companies Act 2013 and the SEBI ICDR Regulations, containing the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	The bank account to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act 2013 to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date
Public Offer Account Bank	The bank with whom the Public Offer Account is opened for collection of Bid Amounts from the Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●]
QIB Portion	The portion of the Offer, being not more than 50% of the Offer, or [●] Equity Shares, which shall be Allotted to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price

Term	Description
Qualified Institutional Buyers or QIBs or QIB Bidders	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act 2013, the SEBI ICDR Regulations which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/ Offer Closing Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account	The account opened with the Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Refund Bank	The bank which is registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI
Registrar Agreement	The agreement dated August 12, 2021 entered into between and among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents/ RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars
Registrar to the Offer/ Registrar	Link Intime India Private Limited
Retail Portion	The portion of the Offer, being not less than 35% of the Offer, or [●] Equity Shares, available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Retail Individual Investors/ RIIs	Individual Bidders, whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB Portion and Non-Institutional Investors bidding in the Non-Institutional Portion are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bids during Bid/ Offer period and withdraw their Bids until Bid/ Offer Closing Date
Selling Shareholders	Collectively, ZMPPL and the GoI Selling Shareholder
SBICAP	SBI Capital Markets Limited
Self Certified Syndicate Banks or SCSBs	(i) The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) The banks registered with SEBI, enabled for UPI Mechanism, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40
Share Escrow Agent	The share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	Agreement dated [●] entered amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the respective portion of Offered Shares by the Selling Shareholders and credit of such Offered Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which will be included in the Bid cum Application Form
Sponsor Bank	The Banker to the Offer registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Request by an RII in accordance with the UPI Mechanism, in terms of the SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in this case being [●]
Stock Exchanges	Together, the BSE and NSE
Syndicate Agreement	The agreement to be entered into amongst the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bid cum Application Forms by the Syndicate

Term	Description
Syndicate Members	Intermediaries registered with SEBI and permitted to carry out activities as an underwriter, in this case being [●]
Syndicate or members of the Syndicate	Together, the BRLMs and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The agreement to be entered into among our Company, the Selling Shareholders, the Registrar to the Offer and the Underwriters, on or after the Pricing Date but before filing of the Prospectus
UPI	Unified Payments Interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	Circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 issued by SEBI, as amended by its circular (SEBI/HO/CED/DIL/CIR/2016/26) dated January 21, 2016 and circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 issued by SEBI as amended or modified by SEBI from time to time, including circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 Circular number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the Retail Individual Investors, by way of a notification on the UPI application and by way of an SMS directing the Retail Individual Investors to such UPI application) to the Retail Individual Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Bid Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by RIBs in accordance with the UPI Circulars to make an ASBA Bid in the Offer
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	A company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes any company whose director or promoter is categorised as such
Working Day(s)	All days on which commercial banks in Mumbai, India are open for business, provided however, for the purpose of announcement of the Price Band and the Bid/ Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays and public holidays on which commercial banks in Mumbai, India are open for business and the time period between the Bid/ Offer Closing Date and listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges excluding Sundays and bank holidays in India, as per the circulars issued by SEBI from time to time

Conventional and General Terms and Abbreviations

Term	Description
AIF(s)	Alternative Investment Funds as defined in and registered with SEBI under the SEBI AIF Regulations
Air Act	Air (Prevention and Control of Pollution) Act, 1981
BSE	The BSE Limited
CA	Chartered Accountant
CAGR	Compounded Annual Growth Rate
CARO	Companies (Auditor’s Report) Order, 2020
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act, 2013	The Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder
Companies Act, 1956	The erstwhile Companies Act, 1956 read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy notified by way of circular 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
Copyright Act	Copyright Act, 1957

Term	Description
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
DAP	Diammonium phosphate
Depositories Act	Depositories Act, 1996, read with the rules, regulations, clarifications and modifications thereunder
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's identity number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (<i>formerly Department of Industrial Policy and Promotion</i>), GoI
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
Environment Protection Act	Environment Protection Act, 1986
EPF	Employees' Provident Fund
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI	Employees' State Insurance
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non-Resident (Bank) Account established in accordance with provisions of FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/ Fiscal/ Fiscal Year/ FY/ F.Y.	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPI	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations
Fugitive Economic Offender(s)	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI/ Central Government	The Government of India
GST	Goods and services tax
HUF(s)	Hindu undivided family(ies)
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards notified under Section 133 of the Companies Act 2013 and referred to in the Ind AS Rules
Ind AS 24	Indian Accounting Standard 24 on Related Party Disclosure issued by the MCA
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended
Indian GAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act 2013 and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
INR/ Indian Rupees/ Rupee/ ₹/ Rs.	Indian Rupee, the official currency of the Republic of India
IRDAI	Insurance Regulatory and Development Authority of India
MCA	The Ministry of Corporate Affairs, Government of India
MNCs	Multi-National Companies
Mutual Funds	Mutual funds registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net asset value
NCR	National Capital Region
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
NPK	Nitrogen, phosphorus, and potassium
“NR” or “Non-resident”	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NRE Account	Non-Resident External Account

Term	Description
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
Patent Act	The Patent Act, 1970
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEZ	Special Economic Zone
STT	Securities Transaction Tax
Trademarks Act	Trade Marks Act, 1999
UPI	Unified Payments Interface
U S GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	United States Securities Act of 1933
US/ USD / US Dollar	United States Dollar, the official currency of the United States of America
USA / U.S. / US	United States of America
U.S. QIBs	Qualified institutional buyers, as defined in Rule 144A under the Securities Act
VCF	Venture Capital Fund
Water Act	Water (Prevention and Control of Pollution) Act, 1974

Industry Related Terms

Term	Description
BTU	British Thermal Unit
CSR	Corporate Social Responsibility
DAP	Di-Ammonium Phosphate, a complex mineral fertilizer containing primarily of 18% Ammoniacal Nitrogen by weight and 46% Phosphate by weight.
DBT	Direct Benefit Transfer provided by the Government of India
ERP	Enterprise Resource Planning
HFSA	Hydrofluorosilicic Acid
ICRA	ICRA Limited (a Moody's Investors Service Company), formerly Investment Information and Credit Rating Agency of India Limited
IDAP	Imported Di-Ammonium Phosphate

Term	Description
iFMS	Integrated Fertilizer Management System
IMOP	Imported Muriate of Potash
IMS Policy	Integrated Management System Policy
ISMS	Information Security Management System
Mandis	Agricultural markets
MFMS	Mobile fertilizer and management system
MOP	Muriate of Potash
MRP	Maximum Retail Price
NBS Policy	Nutrient-based Subsidy Policy introduced in Financial Year 2011
NPK	Nitrogen-Phosphorous-Potassium
NPK-10 / Samarth	A multi-nutrient, complex fertilizer containing Nitrogen, Phosphorus and Potassium in the ratio of 10:26:26
NPK-12 / Sampatti	A multi-nutrient, complex fertilizer containing Nitrogen, Phosphorus and Potassium in the ratio of 12:36:16
NPK-14 / Saubhagya / Soubhagya	A multi-nutrient, complex fertilizer containing nitrogen, phosphorus and potassium in the ratio of 14:35:14
NPK-19 / Sampurna	A multi-nutrient, complex fertilizer containing nitrogen, phosphorus and potassium in the ratio of 19:19:19
NP-20	A multi-nutrient, complex fertilizer containing Ammonia, Phosphate and Sulphate in the ratio of 20:20:0:13
NPK-28 / Uramphos	A multi-nutrient, complex fertilizer containing nitrogen and phosphorus in equal proportions
P2O5-HSS	Phosphorus pentoxide – High Seas Sail
Phosphate Rock	Raw material which is processed to produce phosphorous
Phospho-gypsum	Compound containing Sulphur and Calcium in the ratio of 17:21
PoS machines	Point of Sale machines
PPE	Plant, property and equipment
Rake points	The destination point for rail cargo
RLNG	Regasified liquefied natural gas
SAP S/4HANA	An integrated ERP analytic business solution that allows us to perform transactions and analyse our business data in real-time
SPN	Specialty Plant Nutrients
Zypmite	A micro-nutrient mixture containing Sulphur, Zinc, Boron, Calcium and Magnesium

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to “**India**” are to the Republic of India. All references in this Draft Red Herring Prospectus to the “**U.S.**”, “**USA**” or “**United States**” are to the United States of America. All references in this Draft Red Herring Prospectus to the “**Morocco**” are to the Kingdom of Morocco.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time (“**IST**”). Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Unless indicated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated or the context requires otherwise, the financial data in this Draft Red Herring Prospectus is derived from our Restated Consolidated Financial Information. The Restated Consolidated Financial Information included in this Draft Red Herring Prospectus are as at and for the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019, as prescribed under Section 133 of Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act 2013 and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI, and restated in accordance with the SEBI ICDR Regulations. For further information, see “**Restated Consolidated Financial Information**” on page 241.

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular fiscal or financial year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

There are significant differences between the Ind AS, the International Financial Reporting Standards (the “**IFRS**”) and the Generally Accepted Accounting Principles in the United States of America (the “**U.S. GAAP**”). Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus 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 accounting standards in India, the Ind AS, the Companies Act 2013 and the SEBI ICDR Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify or identify the impact of the differences between the financial data (prepared under Ind AS and IFRS/U.S. GAAP), nor have we provided a reconciliation thereof. We urge you to consult your own advisors regarding such differences and their impact on our financial data included in this Draft Red Herring Prospectus.

This Draft Red Herring Prospectus contains EBITDA as a non-GAAP financial measure that is not required by, or presented in accordance with, Ind AS. We compute and disclose such non-GAAP financial measure relating to our financial performance as we consider such information to be useful measure of our business and financial performance. The non-GAAP financial measure 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 measure of similar nomenclature that may be computed and presented by other companies and is not a measure of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

The Special Purpose Carve-Out Financial Statements of the Goa Facility included in this Draft Red Herring Prospectus are as at and for the financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019, and prepared in accordance with the i) the terms of BTA, (ii) the recognition and measurement principles of Ind AS and, disclosure requirement of Schedule III to the Companies Act and (iii) the Guidance Note on Combined and Carved-Out Financial Statements issued by the ICAI. Statutory auditors of Goa Facility have provided no assurance or services related to any prospective financial information. For further information, see, “**Special Purpose Carve-Out Financial Statements**” beginning on page 302.

The Unaudited Pro Forma Condensed Combined Financial Information of our Company included in this Draft Red Herring Prospectus are for the Fiscals ended March 31, 2021 prepared using the principle as prescribed under Ind AS 103, "Business Combinations". For further information, see, "**Unaudited Pro Forma Condensed Combined Financial Information**" beginning on page 290 respectively.

Unless the context otherwise indicates, any percentage amounts, as set forth in "**Risk Factors**", "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 26, 136 and 384, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Consolidated Financial Information.

Certain figures contained in this Draft Red Herring Prospectus, including our financial statements, have been subject to rounding-off adjustments. All decimals have been rounded off to two decimal points. In this Draft Red Herring Prospectus, any discrepancies in any table between the sums of the amounts listed in the table and totals are due to rounding off. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Industry and Market Data

For the purpose of confirming our understanding of the industry in connection with the Offer, we have commissioned and paid for a report titled "Assessment of the fertiliser market in India" as of July 2021 prepared by CRISIL Research, a division of CRISIL Limited ("**CRISIL Report**"). CRISIL Limited has required us to include the following disclaimer in connection with the CRISIL Report:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Paradeep Phosphates Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

Aside from the above, unless otherwise stated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from publicly available sources of industry data. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, the Syndicate or any of their affiliates or advisors makes any representation as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "**Risk Factors- We have commissioned an industry report from CRISIL Limited which has been used for industry related data in this Draft Red Herring Prospectus. Accordingly, prospective investors are advised not to place undue reliance on such information.**" on page 41. Accordingly, investment decisions should not be based solely on such information.

Currency and Units of Presentation

All references to “**Rupees**” or “**₹**” or “**Rs.**” are to Indian Rupees, the official currency of the Republic of India. All references to “**U.S. Dollar**” or “**USD**” or “**US\$**” are to United States Dollar, the official currency of the United States of America.

In this Draft Red Herring Prospectus, our Company has presented certain numerical information. All figures have been expressed in million, except where specifically indicated. However, where any figures that may have been sourced from third party industry sources are expressed in denominations other than million in their respective sources, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains translations of U.S. Dollar into Indian Rupees. These convenience translations should not be construed as a representation that those U.S. Dollars could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth as of the dates indicated, information with respect to the exchange rate between the Indian Rupee and the U.S. Dollar:

(in ₹)			
Currency	Exchange Rate as on March 31, 2021	Exchange Rate as on March 31, 2020	Exchange Rate as on March 31, 2019 ⁽¹⁾
1 US\$	73.50	75.39	69.17

Source: www.rbi.org.in and www.fbil.org.in

⁽¹⁾ Exchange rate as on March 29, 2019, as FBIL reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and Saturday, respectively.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements, which include statements with respect to our business strategy, our revenue and profitability, our goals and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements can generally be identified by words or phrases such as *“aim”, “anticipate”, “are likely”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “may”, “likely to”, “objective”, “plan”, “propose”, “project”, “will achieve”, “will continue”, “will likely”, “seek to”, “will pursue”* and other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. 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. This could be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes in the industry we operate in and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally that may have an impact on our business or investments, monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates and prices, the general performance of Indian and global financial markets, changes in the competitive landscape and incidence of any natural calamities and/or violence. Significant factors that could cause our actual results to differ materially include, but are not limited to:

- Our business is dependent on the performance of the agricultural sector in which our fertilizers are used. Any developments affecting the performance of the agricultural sector are likely to affect our business, results of operations and financial condition;
- Our business is subject to climatic conditions and is cyclical in nature. Seasonal variations and unfavourable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition;
- The fertilizer industry in India is a regulated industry. Any change in Government policies towards the agriculture sector or a reduction in subsidies and incentives provided to farmers could adversely affect our business and results of operations;
- We have only one manufacturing facility until the completion of the acquisition of the Goa Facility. Unplanned slowdowns or shutdowns in our manufacturing facility or underutilization of our manufacturing capacities could have an adverse effect on our business, results of operations and financial condition;
- The extent to which the coronavirus disease (COVID-19) affects our business, results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted.
- We intend to acquire the Goa Facility and any delay to acquire the Goa Facility or realize the anticipated benefits of this acquisition or any acquisition, joint venture or partnership that we may undertake in the future, may have an adverse effect on our business, results of operations and financial condition.
- There are outstanding litigations involving our Company, our Promoters and our Directors. Any adverse outcome in any of these proceedings may adversely affect our results of operations and financial condition.
- We have historically derived a significant portion of our revenues from operations from a limited number of states and any adverse developments in these states could adversely affect our business;
- If we are unable to obtain or maintain regulatory approvals for our products, we may be unable to sell such products, which could adversely affect our business and results of operations; and
- Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations and financial condition. Further, we may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.

For a further discussion of factors that could cause our actual results to differ, see **“Risk Factors”**, **“Our Business”** and **“Management’s Discussion and Analysis of Financial Condition and Results of Operations”** on pages 26, 136 and 384, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s belief and assumptions, which in turn are based on currently available information

Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statements based on them could prove to be inaccurate.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Neither our Company, nor the Syndicate, or any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Company and the BRLMs will ensure that investors in India are informed of material developments until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer.

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Offer. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections entitled “**Risk Factors**”, “**Industry Overview**”, “**Outstanding Litigation and Material Developments**”, “**Promoters and Promoter Group**”, “**Restated Consolidated Financial Information**”, “**Unaudited Pro Forma Condensed Combined Financial Information**”, “**Special Purpose Carve-Out Financial Statements**”, “**Objects of the Offer**”, “**Our Business**”, “**Offer Procedure**” and “**Main Provisions of the Articles of Association**” on pages 26, 98, 408, 226, 241, 290, 302, 79, 136, 439 and 454, respectively.

Summary of Business

We are the third largest private sector manufacturers of non-urea fertilizers in India and second largest in terms of DAP volume sales as of March 2021 (Source: CRISIL Report). We are primarily engaged in manufacturing, trading, distribution and sales of a variety of complex fertilizers such as DAP, three grades of NPK, Zypmite, Phospho-gypsum and HFSA. Our fertilizers are marketed under some of the key brand names in the market ‘Jai Kisaan – Navratna’ and ‘Navratna’.

Our Company was incorporated in 1981. ZMPPL, a joint venture of ZACL and OCP, currently holds 80.45% of the equity share capital of our Company, with the balance being held by the GoI.

For further details, see “**Our Business**” on page 136.

Summary of Industry

Fertilisers are composed of the following basic nutrients: the primary nutrients are nitrogen, phosphorous and potassium, which are required in large quantities and are normally supplied through chemical fertilizers; secondary nutrients and micronutrients (Source: CRISIL Report). In addition, operations in the fertilizer industry are capital intensive due to high costs of land acquisition, construction of manufacturing facilities and high costs of equipment and machinery.

Due to certain factors such as increase in crop intensity, increase in per capita food consumption and dietary changes, per capita rise in income and ease of credit availability and high subsidy support from the Government (Source: CRISIL Report), we expect to continue witnessing growth in the Indian fertilizer industry.

For further details, see “**Industry Overview**” on page 98.

Promoters

Our Promoters are ZMPPL, ZACL, OCP and GoI*.

While the GoI is one of the Promoters of our Company and will continue to be so until completion of the Offer; please note that the GoI is proposing to sell its entire shareholding in the Company through the Offer for Sale and it has represented that it will cease to be a Promoter of the Company on the listing of the Equity Shares pursuant to the Offer. The Company will take suitable steps to declassify the GoI as a Promoter in accordance with the SEBI Listing Regulations, post listing of the Equity Shares pursuant to the Offer.

Offer Size

Offer ⁽¹⁾	[●] Equity Shares, aggregating ₹ [●] million
of which	
Fresh Issue	[●] Equity Shares, aggregating up to ₹ 12,550.00 million
Offer for Sale ⁽²⁾	Up to 120,035,800 Equity Shares, aggregating ₹ [●] million by GoI and ZMPPL

⁽¹⁾ The Offer has been authorized by our Board pursuant to its resolution dated May 24, 2021 and Fresh Issue authorized by a resolution passed by our Shareholders on June 1, 2021.

⁽²⁾ The Selling Shareholders confirm that they have authorized the sale of the Offered Shares in the Offer for Sale. For details see “**Other Regulatory and Statutory Disclosures**” on page 419.

The Offer shall constitute [●]% of the post-Offer paid up equity share capital of our Company.

Objects of the Offer

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(₹ in million)		
S. No.	Particulars	Amount
1.	Part financing of the acquisition of the Goa Facility	6,420.00
2.	Repayment/ prepayment of certain of our borrowings	3,000.00
3.	General corporate purposes*	[●]
Total		[●]

*To be determined on finalisation of the Offer Price and updated in the Prospectus. The aggregate amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Offer.

Pre-Offer shareholding of the Promoters, the Promoter Group and the Selling Shareholders

The equity shareholding of our Promoters, the Promoter Group and the Selling Shareholders as on the date of this Draft Red Herring Prospectus and the percentage of pre-Offer equity share capital is set forth below:

S. No.	Category of Shareholder	Pre-Offer	
		Number of Equity Shares held	Percentage of equity share capital (%)
Promoters and Selling Shareholders			
1.	ZMPPL	462,961,000	80.45%
2.	GoI*	112,489,000	19.55%
	Total	575,450,000	100.00%

*While the GoI is one of the Promoters of our Company and will continue to be so until completion of the Offer; please note that the GoI is proposing to sell its entire shareholding in the Company through the Offer for Sale and it has represented that it will cease to be a Promoter of the Company on the listing of the Equity Shares pursuant to the Offer. The Company will take suitable steps to declassify the GoI as a Promoter in accordance with the SEBI Listing Regulations, post listing of the Equity Shares pursuant to the Offer.

Summary of Restated Consolidated Financial Information

(₹ in million)			
Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Equity Share capital	5,754.50	5,754.50	5,754.50
Net worth*	18,275.10	16,035.34	14,827.13
Revenue from operations	51,647.34	41,928.65	43,579.12
Profit for the year	2,232.68	1,932.20	1,589.63
Earnings per equity share (basic) (in ₹)	3.88	3.36	2.76
Earnings per equity share (diluted) (in ₹)	3.88	3.36	2.76
Net asset value per equity share**	31.76	27.87	25.77
Total borrowings***	12,511.72	22,979.50	31,229.97

*Net worth is equal to aggregate of equity share capital and other equity

**Net asset value per equity share is computed as closing net worth divided by closing outstanding number of equity shares

***Total borrowings represents non-current borrowings, current borrowings and current maturities of non-current borrowings

For further details on the Restated Consolidated Financial Information and on the Special Purpose Carve-Out Financial Statements, see “**Restated Consolidated Financial Information**” and “**Special Purpose Carve-Out Financial Statements**” on pages 241, and 302, respectively.

Qualifications of the Auditors which have not been given effect to in the Restated Consolidated Financial Information

Our Statutory Auditors have not made any qualifications in the examination report that have not been given effect to in the Restated Consolidated Financial Information.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, Promoters, Directors and Group Companies as on the date of this Draft Red Herring Prospectus is provided below:

Nature of Cases	Number of outstanding cases	Amount involved*
Litigation involving our Company		
Criminal proceedings ⁽¹⁾	65	298.08
Material civil litigation ⁽²⁾	52	1695.61
Actions by statutory or regulatory authorities	4	-

Nature of Cases	Number of outstanding cases	Amount involved*
Direct and indirect tax proceedings	41	3,517.55
Litigation involving our Promoters		
Criminal proceedings ⁽³⁾	184	339.76
Material civil litigation	2	720.45
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	37	1626.96
Litigation involving our Directors		
Criminal proceedings	3	20
Material civil litigation	1	-
Actions by statutory or regulatory authorities	1	-
Direct and indirect tax proceedings	1	-
Litigation involving the Goa Facility⁽⁴⁾		
Material civil litigation	2	220.04
Material tax proceedings	12	955.28
Litigation involving our Group Companies		
Outstanding litigation which may have a material impact on our Company	-	-

* To the extent quantifiable

⁽¹⁾ This includes 53 complaints and appeals filed by the Company against various parties, under Section 138 of the Negotiable Instruments Act, 1881

⁽²⁾ This includes 43 land acquisition proceedings filed under relevant provisions of the Land Acquisition Act, 1894 where the Company is identified as a party

⁽³⁾ This includes 69 complaints and appeals filed by ZACL against various parties, under Section 138 of the Negotiable Instruments Act, 1881

⁽⁴⁾ The above mentioned litigation involving the Goa Facility are being transferred to our Company while undertaking acquisition of the Goa Facility, in accordance with the BTA

For further details of the outstanding litigation proceedings, see “**Outstanding Litigation and Material Developments**” on page 408.

Risk factors

Specific attention of Investors is invited to the section “**Risk Factors**” on page 26. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.

Summary of contingent liabilities of our Company

The following is a summary table of our contingent liabilities (to the extent not provided for) as on March 31, 2021:

Matters	(₹ in million) As of March 31, 2021
Subsidy withheld	535.21
Goods and services tax demand	199.99
Entry tax demand on imported raw materials including interest and penalty	290.94
Sales tax/VAT/CST demands	1,058.94
Central Excise demands for March 2011	23.41
Service tax demand	13.46
Custom duty and countervailing duty	11.00
Income tax demands	17.41
Demand towards contribution to Water Conservation Fund	232.25
Other claims against the Company not acknowledged as debt	281.57

For further details, see “**Restated Consolidated Financial Information**” on page 241.

Summary of Related Party Transactions

(₹ in million)

Rs. in million

Name of Related Party	Nature of Transactions	March 31, 2021	March 31, 2020	March 31, 2019	
Indo Maroc Phosphare S.A. Morocco	a)	Purchase of raw materials (Phosphoric acid)	6,065.12	1,641.53	3,247.29
	b)	Other expenses (Demurrage Expenses)	16.87	0.08	1.44
	c)	Other expenses (Demurrage Written back)	-	1.19	0.20
	d)	Re-imbursement of Expenses	-	-	6.03
	e)	Other Expenses (Claims Written off)	-	-	0.44
	f)	Interest	3.00	-	-
OCP S.A., Morocco	a)	Purchase of raw materials (Rock phosphate)	2,303.12	3,941.68	2,363.83
	b)	Purchase of raw materials (Phosphoric acid)	3,377.94	1,547.06	4,437.68
	c)	Purchase of stock-in trade (Imported DAP)	473.94	-	-
	d)	Other expenses (Demurrage expenses)	2.68	16.53	16.97
	e)	Other expenses (Demurrage Written back)	0.12	4.59	4.78
	f)	Interest	0.49	-	-
	g)	Reimbursement of expenses	-	-	10.88
	Pakistan Maroc Phosphore SA	a)	Purchase of raw materials (Phosphoric acid)	-	-
b)		Other expenses (Demurrage expenses)	-	-	0.44
c)		Interest	0.41	-	-
Phosphates De Boucraa S.A	a)	Purchase of raw materials (Rock phosphates)	6,584.59	4,660.16	5,604.08
	b)	Other expenses (Demurrage expenses)	7.46	4.65	30.23
	c)	Other expenses (Demurrage Written back)	-	3.48	8.58
	d)	Reimbursement of expenses	-	-	5.55
	e)	Interest	1.52	-	-
Jorf Fertiliser SA*	a)	Purchase of raw materials (Phosphoric acid)	236.37	818.65	599.61
	b)	Purchase of stock-in-trade (Imported DAP)	1,965.82	-	-
	c)	Other expenses (Demurrage expenses)	2.04	7.50	0.19
	d)	Other expenses (Reimbursement of expenses)	-	-	0.57
	e)	Interest	0.51	-	-
Zuari Yoma Agri Solutions Limited	a)	Purchase of Ordinary shares	-	35.66	0.90
	b)	Reimbursement of expenses	-	0.42	5.20

(₹ in million)					
Name of Related Party	Nature of Transactions	March 31, 2021	March 31, 2020	March 31, 2019	
Zuari Agro Chemicals Limited	a)	Sale of fertilizers	336.55	749.61	1,625.05
	b)	Sale of phosphoric acid and MOP	4,814.80	-	-
	c)	Purchase of stock-in-trade	3,060.61	985.69	2,425.96
	d)	Other expenses (Demurrage Expenses)	-	1.26	-
	e)	Purchase of raw materials (Discount claim)	-	-	87.41
	f)	Bank charges(net)	-	-	1.84
	g)	Interest income on overdue receivable	-	75.87	153.24
	h)	Other expenses (Reimbursement of expenses)	1.76	25.04	44.15
	i)	Other expenses (Branding commission)	53.62	31.98	11.07
	j)	Other expenses (Exchange loss)	2.04	-	2.25
	k)	Purchase of stock-in trade (fertilizers)	-	-	0.68
Simon India Limited	a)	Purchase of fixed asset	-	2.42	41.22
	b)	Retention money	-	12.47	-
	c)	Other expenses (Reimbursement of expenses)	10.47	0.04	-
Zuari Global Limited	a)	Other expenses (Reimbursement of expenses)	21.52	-	-
Zuari Management Services Limited	a)	Other expenses (Reimbursement of expenses)	51.95	48.24	44.88
Mangalore Chemicals and Fertilizers Limited	a)	Sale of fertilizer and sulphuric acid	-	-	149.20
	b)	Purchase of stock-in trade (fertilizers)	34.39	46.31	48.19
	c)	Other expenses (Bank charges)	-	-	1.51
	d)	Other income (Interest income on receivable)	0.69	-	-
	e)	Other expenses (Reimbursement of expenses)	1.25	14.01	-
	f)	Other expenses (Exchange loss)	-	-	3.47
	g)	Other expenses	0.58	-	0.01
Lionel India Limited	a)	Other expenses (Purchase of air ticket)	2.09	12.53	22.67
Texmaco Rail and Engineering Limited	a)	Other expenses (Reimbursement of expenses)	0.40	0.84	0.68
Adventz Finance Private Limited	a)	Other expenses (Reimbursement of expenses)	6.18	4.38	-
	b)	Security deposit	-	4.20	-

(₹ in million)				
Name of Related Party	Nature of Transactions	March 31, 2021	March 31, 2020	March 31, 2019
Zuari Maroc Phosphates Private Limited	a) Dividend paid	-	462.96	462.96
	b) Other expenses (Reimbursement of expenses)	0.37	-	-
PPL Employee's Provident Fund	a) Employee benefits expense (Contribution to provident fund)	53.43	66.47	45.75

* JFC IV and JFC V have collectively been referred to as Jorf Fertilizer SA in the Restated Consolidated Financial Information.

For further details of the related party transactions as reported in the Restated Consolidated Financial Information, see “**Financial Statements**” on page 241.

Financing arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, the directors of our corporate Promoters, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business, of the financing entity during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which the equity shares of our Company were acquired by the Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

Neither the Promoters nor the Selling Shareholders have acquired any equity shares of our Company in the one year preceding the date of this Draft Red Herring Prospectus.

Average cost of acquisition of equity shares of our Company by the Promoters and the Selling Shareholders

The average cost of acquisition per equity share of our Company by our Promoters and the Selling Shareholders as on the date of this Draft Red Herring Prospectus is:

Promoter/ Selling Shareholder ^{*(1)}	No. of Equity Shares held ^{**}	Average cost of acquisition per equity share of our Company (in ₹) ^{***}
ZMPPL	462,961,000	7.3691
GoI	112,489,000	10

⁽¹⁾As certified by J. C. Bhalla & Co., by way of their certificate dated August 12, 2021.

* As on the date of the Draft Red Herring Prospectus, ZACL and OCP do not hold any Equity Shares of our Company.

** Pursuant to a resolution passed by the Shareholders in the EGM held on June 1, 2021, each equity share of face value of ₹ 1000 each was split into 100 Equity Shares of ₹ 10 each. Therefore, an aggregate of 4,629,610 equity shares of face value of ₹ 1000 each held by ZMPPL was split into 462,961,000 Equity Shares of face value of ₹ 10 each and an aggregate of 1,124,890 equity shares of face value of ₹ 1000 each held by GoI, including GoI Nominees was split into 112,489,000 Equity Shares of face value of ₹ 10 each.

*** The average cost of acquisition has been calculated based on the cost of Equity Shares acquired/ allotted/ purchased (including acquisition pursuant to transfer) & also adjusted for post sub-division as approved by shareholders of the Company at the EGM held on June 1, 2021. However, the Equity Shares disposed off has not been considered while computing average cost of acquisition.

Details of pre-IPO Placement

Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Draft Red Herring Prospectus till the listing of the Equity Shares.

Offer of equity shares of our Company for consideration other than cash in the last one year

Our Company has not issued any equity shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

Split/ Consolidation of equity shares in the last one year

Pursuant to the resolution passed by our Shareholders' on June 1, 2021, each equity share of our Company of face value of ₹ 1,000 each was split into 100 Equity Shares of face value of ₹ 10 each, therefore an aggregate of 5,754,500 issued and paid-up equity shares of face value of ₹ 1,000 each were split into 575,450,000 Equity Shares

of face value of ₹ 10 each. For details, see “***Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments subsequent to March 31, 2021***” on page 407.

SECTION II - RISK FACTORS

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors together with all other information set forth in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. 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 adversely affect our business, prospects, results of operations and financial condition. Further, the Goa Facility also faces the risks and uncertainties described below as well as several others. In order to obtain a complete understanding about us, investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Restated Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages 136, 98, 241 and 384, respectively, as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Draft Red Herring Prospectus.

If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, results of operations and financial condition could suffer, the trading price of, and the value of your investment in, the Equity Shares could decline and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In making an investment decision with respect to this Offer, you must rely on your own examination of our Company and the terms of this Offer, including the merits and risks involved and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See “Forward-Looking Statements” on page 17.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Consolidated Financial Information included in this Draft Red Herring Prospectus. For further information, see “Restated Consolidated Financial Information” on page 241.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context otherwise requires, in this section, references to “we”, “us” and “our” refers to Paradeep Phosphates Limited on a consolidated basis.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL report titled “Assessment of the fertiliser market in India” dated July, 2021 prepared and issued by CRISIL Limited (the “CRISIL Report”), and commissioned and paid for by our Company in connection with the Offer.

Internal Risks

- 1. Our business is dependent on the performance of the agricultural sector in which our fertilizers are used. Any developments affecting the performance of the agricultural sector are likely to affect our business, results of operations and financial condition.**

Our business is dependent on the performance of the agricultural sector in which our fertilizers 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 rains and adequacy of monsoon, adequacy of water supply, 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 conditions, 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, the demand for our products is also affected by agricultural product prices, population growth, change in dietary habits and planted acreage and fertilizer application rates. Lower agricultural product prices may result in reduced production of agricultural products, which could decrease demand for fertilizers and result in a downward pressure on fertilizer prices. In addition, replacement of fertilizer application with other products and techniques aimed at improving crop yield such as genetically modified organisms, which are organisms whose genetic material has been altered by genetic engineering, can be used to grow agricultural products that require less fertilizer application, could result in a decline in fertilizer demand and prices which in turn may adversely affect our business and results of operations.

2. *Our business is subject to climatic conditions and is cyclical in nature. Seasonal variations and unfavourable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition.*

Our business is sensitive to weather conditions such as drought, floods, cyclones and natural disasters, as well as events such as pest infestations. Our results of operations are significantly affected by weather conditions in the agricultural regions in which our products are used. Adverse conditions early in the season, especially drought conditions, can result in significantly lower than normal plantings of crops and therefore lower demand for crop protection products. This can result in our sales in a particular region varying substantially from year to year. Weather conditions can also result in earlier or later plantings and affect the levels of pest infestations, which may affect both the timing and volume of our sales or the product mix. The increasing concern over climate change could also result in enhanced legal and regulatory requirements. In the event that such regulations are enacted and are more aggressive than the sustainability measures that we are currently undertaking, we may experience significant increases in our costs of operations.

In addition, sales of fertilizers in India are typically seasonal due to the monsoon. Farmers tend to apply fertilizers during two short application periods, the two major crop seasons in India, namely *rabi* and *kharif*. For example, demand for fertilizers is generally higher during the second and third Financial Year quarters and a majority of our product sales take place typically during such quarters. In contrast, as we generally produce our products throughout the year, we build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. If seasonal demand exceeds our projections, we may not have enough products and our customers may acquire products from our competitors, which may adversely affect our sales and profitability. If seasonal demand is less than we expect, we may be left with excess inventory that will have to be stored or liquidated. The degree of seasonality in our business can change from year to year due to conditions in the agricultural industry and other factors. As a result of such seasonal fluctuations, our sales, results of operations and cash flows may vary by quarter and may not be relied upon as indicators of the sales, results of operations or cash flows of other quarters, or of our future performance.

3. *The fertilizer industry in India is a regulated industry. Any change in Government policies towards the agriculture sector or a reduction in subsidies and incentives provided to farmers could adversely affect our business and results of operations.*

We expect that state and central Government policies will continue to affect the money available to farmers to purchase fertilizers. Subsidies provided by the Government of India are still an important point of the business and results of operations of any Indian fertilizer company, including us. Subsidy from the Government of India on fertilizers recognized in the Restated Consolidated Financial Information Statement of Profit and Loss as revenue from operations was ₹ 14,453.91 million, ₹ 13,529.32 million and ₹ 13,475.74 million for the Financial Years 2021, 2020 and 2019, respectively. Consequently, any changes in Government policies relating to the agriculture sector such as the reduction of Government expenditure towards agriculture, the withdrawal of or changes in incentives and subsidies provided to farmers, the withdrawal of freight subsidies, export restrictions on crops, adverse changes in commodity prices or minimum support prices could affect the ability of farmers to spend on fertilizers, which in turn could adversely affect our business and results of operations.

Further, the Government of India has implemented Direct Benefit Transfer (“DBT”). Unlike, the DBT for cooking gas wherein customers buy gas cylinders at market price and are later compensated with the subsidy amount by the GoI, in case of fertilisers, in order to transfer the subsidies directly to the manufacturer’s account, the farmers buy fertilizers from retailers at a subsidized rate and the transaction details are recorded on the point of sale (“PoS”) machines by the retailers. The Government of India, thereafter, pays the subsidy amount directly to the manufacturer based on the data uploaded by the retailers. Any instances of errors committed by retailers in logging of transactions or details of our Company’s products through the PoS

machines may result in our Company facing a delay in the receipt of the subsidy amount. Such delays of the subsidy amount, including delays as a result of other factors, may result in an increase in the working capital cycle and our Company's borrowing costs, which in turn may affect our cash flows, financial condition and results of operations.

4. *We have only one manufacturing facility until the completion of the Goa Transaction. Unplanned slowdowns or shutdowns in our manufacturing facility or underutilization of our manufacturing capacities could have an adverse effect on our business, results of operations and financial condition.*

All our products are manufactured at our facility in Paradeep, Odisha (until the completion of the Goa Transaction), and any shut down of our manufacturing facility, will result in us being unable to manufacture our products for the duration of such shut down. Our inability to effectively respond to any lowdown or shutdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to an adverse effect on our business, results of operations and financial condition.

Our business is dependent upon our ability to efficiently manage our manufacturing facility, which is subject to various operating risks, including productivity of our workforce, power grid failure, compliance with regulatory requirements and circumstances beyond our control, such as the breakdown or failure of equipment, facility obsolescence, labour disputes, or industrial accidents, severe weather conditions, natural disasters and infectious disease outbreaks such as the COVID-19 pandemic resulting in unplanned slowdowns and/or shutdowns. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs as well. Although we have backup for lower value machinery, this is not always possible for capital intensive machinery, and as such, when such equipment fails, we have and may into the future experience operational downtime. We may also experience loss of, or a decrease in, revenue due to lower production levels. In addition, restarting a production line may involve significant additional cost and time. Further, the capacity utilisation at our manufacturing facility is subject to various factors such as availability of raw materials, power, water, efficient working of machinery and equipment and optimal production planning. We cannot assure you that we will successfully implement new technologies effectively or adapt its systems to emerging industry standards. An inability to utilize our manufacturing facility to its full or optimal capacity, non-utilisation of such capacities or inability to adapt to technological changes could have an adverse effect on our results of operations, cash flows and financial conditions.

Further, any significant social, political or economic disruption, or natural calamities or civil disruptions in the region where our manufacturing facility is located, or changes in the policies of the state or local governments of this region or the Government of India, may require us to suspend our operations, either temporarily or permanently, incur significant capital expenditure and change our business strategy. The occurrence of, or our inability to effectively respond to any such event, or / and the inability to utilise our manufacturing facilities to their full or optimal capacity, non-utilisation of such capacities or inability to adapt to technological changes could have an adverse effect on our business, results of operations and financial condition.

5. *The extent to which the coronavirus disease (COVID-19) affects our business, results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted.*

Since the onset of COVID-19, we have recorded positive cases within our business, including for some of our management team, as well as cases within our supply chains. A second wave of COVID-19 beginning in March 2021 has become more severe and widespread than the first wave during 2020. This second wave has also resulted in additional lockdowns throughout India. There is uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government of India, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business and operations in the future. Impacts that we have observed to our business and operations (as well as to the Goa Facility) since the beginning of the COVID-19 pandemic include:

- ***Plant operations*** – precautions relating to movement and social distancing imposed by district authorities has limited the total workforce we can accommodate within certain parts of our plant operations. We are currently limited to approximately 75% of our typical workforce because of such precautions. The Goa Facility was affected by the non-availability of workforce which impacted bagging, dispatches, unloading and rake operations. Logistical issues remain ongoing, particularly in connection with bag availability due to production stoppages and goods movement, as well as the availability of oils and lubricants for plant operations.

- **Supply chain** – we have experienced a shortage of labor at many “rake points” (i.e., the destination point for rail cargo) and at all “godowns” (or warehouses) which slowed or temporarily halted our operations. In particular, rake points that depend primarily on migrant labor were most affected as a result of labor relocating home in early May 2020 following the introduction of Shramik trains. Further, bagging, loading and unloading operations as well as cargo handling functions were adversely impacted as parts of our supply chain labor force experienced difficulty accessing villages, had movement restricted and had working hour restrictions imposed by local authorities. In addition, we experienced a reduction in the availability of truck transportation due to trucks being stranded across the country and a shortage of drivers due to mobility constraints. The Goa Facility was affected by the same factors and faced very similar risks in connection with its supply chain.
- **Sales and marketing** – certain state borders were closed by state governments and the closure of the Agricultural Produce Market Committee, as well as bazaars, shops and mandis (agricultural markets) for periods during lockdowns resulted in a significant reduction in the daily direct face-to-face contact of our field force with dealers/retailers/farmers. Such closures also resulted in less fertilizer movement which led to a reduction in PoS sales and the generation of fresh primary sales. The Goa Facility was affected by the same factors and faced very similar risks in connection with its sales and marketing activities.

In addition, the COVID-19 pandemic may continue to affect our business (including the Goa Facility) in a number of other ways, including but not limited to a complete or partial closure of, or disruptions or restrictions on our ability to conduct manufacturing, sales, marketing and distribution activities; impact our ability to enter into or complete material contracts and transactions; our ability to source key raw materials; non-availability of labour; our inability to access debt and equity capital on acceptable terms or adversely impact our compliance with the covenants in our financing agreements; increased vulnerability to cyber-security threats and potential breaches; uncertainties as to what conditions must be satisfied before government authorities completely lift lockdown orders; and the potential negative impact on the health of our employees.

Events beyond our control may unfold in the future, which makes it difficult for us to predict the impact that COVID-19 will have on us, our financial position, our customers or suppliers in the future. Further, our insurance policies may not provide adequate coverage in circumstances, such as the COVID-19 pandemic. With the second wave of COVID-19 spreading throughout India and lockdowns being implemented periodically to varying degrees by state governments and local administrations, there remains uncertainty relating to the long-term adverse impact of the COVID-19 pandemic on the Indian economy, as well as the global economy and financial markets, and as a result we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations (including those of the Goa Facility), it may also have the effect of heightening many of the other risks described in this section.

6. *We intend to acquire the Goa Facility and any delay to acquire the Goa Facility or realize the anticipated benefits of this acquisition or any acquisition, joint venture or partnership that we may undertake in the future, may have an adverse effect on our business, results of operations and financial condition.*

With a view to (i) increase the size of our Company, with a product portfolio comprising Phosphatic and Nitrogenous fertilizers; and (ii) accessing the markets serviced and products and brand offered by ZACL, on March 1, 2021, our Company entered into a business transfer agreement with ZACL for the purchase of Goa Facility. Upon the completion of the Goa Transaction, our Company will acquire the urea and NPK business of ZACL along with its corresponding distribution network. The shareholders of our Company (including the Government of India as a shareholder) and the shareholders of ZACL have approved of the Goa Transaction. Further, we have received the approval of the Competition Commission of India, among others, for the Goa Transaction. However, the Goa Transaction is subject to the satisfaction of certain remaining conditions precedent, the timeline of which may not be ascertainable at the moment. For further details of the key terms of the Goa Transaction, see “**History and Certain Corporate Matters – Business Transfer Agreement dated March 1, 2021 among our Company and Zuari Agro Chemicals Limited (“ZACL”) as amended by the Addendum to the Business Transfer Agreement dated July 30, 2021**” on page 204. Although we expect these remaining conditions precedents to be satisfied prior to the completion of the Goa Transaction, we cannot assure you that they will be satisfied and as such whether we will be able to consummate the acquisition in a timely manner as anticipated. The success of this anticipated acquisition or any other acquisition or joint venture that we may undertake in the future will depend, in part, on our

ability to realize the anticipated growth opportunities and synergies from combining these businesses. Integrating the business of the Goa Facility or another entity into ours is a task that will require substantial time, expense and effort from our management. If the management's attention is diverted or there are any difficulties associated with integrating these businesses, our results of operations and cash flows could be adversely affected. In particular, the acquisition of the Goa Facility increases the challenges involved in:

- Developing and preserving a uniform culture, values and work environment in our operations;
- Recruiting, training and retaining sufficient skill management and employees;
- Obtaining any consents or authorizations that may be required in respect of our integrated operations;
- Developing and improving our internal administrative infrastructure, including our financial, operational, technology and communications and other internal systems; and
- Challenges on account of integration of operations of both the businesses.

Even if we are able to successfully combine the business operations, it may not be possible to realize the full benefits of the integration opportunities, the synergies and other benefits that we currently expect will result from this acquisition, or realize these benefits within the time frame that we currently expect. Further, we may be unable to find suitable companies to acquire, assets to purchase or joint ventures to pursue in the future. Any failure to identify suitable opportunities or to realize the anticipated benefits of any acquisition, joint venture or partnership, in a timely manner, or at all, could have an adverse effect on our business plans and growth opportunities. See “**Objects of the Offer**” on page 79.

7. There are outstanding litigations involving our Company, our Promoters and our Directors. Any adverse outcome in any of these proceedings may adversely affect our results of operations and financial condition.

Our Company, our Directors and our Promoters are involved in certain outstanding legal proceedings, which are pending at different levels of adjudication before various courts and tribunals. A summary of outstanding litigation proceedings involving our Company, Subsidiaries and Directors, as disclosed in “**Outstanding Litigation and Material Developments**” on page 408, in terms of the SEBI ICDR Regulations and the Materiality Policy, as of the date of this Draft Red Herring Prospectus is provided below:

Nature of Cases	Number of outstanding cases	Amount involved*
Litigation involving our Company		
Criminal proceedings ⁽¹⁾	65	298.08
Material civil litigation ⁽²⁾	52	1695.61
Actions by statutory or regulatory authorities	4	-
Direct and indirect tax proceedings	41	3,517.55
Litigation involving our Promoters		
Criminal proceedings ⁽³⁾	184	339.76
Material civil litigation	2	720.45
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	37	1626.96
Litigation involving our Directors		
Criminal proceedings	3	20
Material civil litigation	1	-
Actions by statutory or regulatory authorities	1	-
Direct and indirect tax proceedings	1	-
Litigation involving the Goa Facility⁽⁴⁾		
Material civil litigation	2	220.04
Material tax proceedings	12	955.28
Litigation involving our Group Companies		
Outstanding litigation which may have a material impact on our Company	-	-

*To the extent quantifiable; ₹ in million

⁽¹⁾ This includes 53 complaints and appeals filed by the Company against various parties, under Section 138 of the Negotiable Instruments Act, 1881

⁽²⁾ This includes 43 land acquisition proceedings filed under relevant provisions of the Land Acquisition Act, 1894 where the Company is identified as a party

⁽³⁾ This includes 69 complaints and appeals filed by ZACL against various parties, under Section 138 of the Negotiable Instruments Act, 1881

⁽⁴⁾ The above mentioned litigation involving the Goa Facility are being transferred to our Company while undertaking acquisition of the Goa Facility, in accordance with the BTA

We cannot assure you that these legal proceedings will be decided in favour of our Company our Directors and our Promoters, as the case may be, or that no further liability will arise out of these proceedings. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. For details of our contingent liabilities, see “**Summary of the Offer Document – Summary of Contingent Liabilities of our Company**” on page 21. If any new developments arise, such as change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our Restated Consolidated Financial Information that could increase our expenses and current liabilities. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may have an adverse effect on our results of operations and financial condition.

8. We have historically derived a significant portion of our revenues from operations from a limited number of states and any adverse developments in these states could adversely affect our business.

We have historically derived a significant portion of our revenues from operations from a limited number of states, namely Maharashtra, Uttar Pradesh and Odisha. Excluding amounts from subsidiaries and subsidies, such states combined accounted for approximately 53%, 43% and 43% of our revenue from operations for the Financial Years 2021, 2020 and 2019, respectively. Our revenues from these states may decline as a result of increased competition, regulatory action, pricing pressures, fluctuations in the demand for or supply of our products, or the outbreak of an infectious disease such as COVID-19. Our failure to effectively react to these situations or to successfully introduce new products in these states or our inability to effectively manage the competition in these states, could adversely affect our business, results of operations and financial condition.

9. If we are unable to obtain or maintain regulatory approvals for our products, we may be unable to sell such products, which could adversely affect our business and results of operations.

The import, manufacture, storage, marketing and sale of fertilizers and related products require several regulatory approvals such as licenses/letters of authorisation for carrying on the business of selling fertilisers under the Fertilizer (Control) Order, 1985. We must also renew these authorizations periodically and show that our products meet all requisite regulatory standards, which may have become more stringent and which renewal is not guaranteed. Our products continue to be subject to regulatory oversight even after we obtain requisite regulatory or governmental pre-approvals and authorizations. Further, we may be determined to be in contravention of the provisions of the Fertilizer (Control) Order, 1985 by the relevant authority, for instance if a batch of production does not meet the requisite standards, and consequently we may be subject to regulatory action, criminal action and penalties, as may be prescribed. For details, see “**Outstanding Litigation and other Matters - Litigation involving our Company**” on page 408.

10. Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations and financial condition. Further, we may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labour. For details, see “**Key Regulations and Policies**” on page 195. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials such as Ammonia and MOP in our manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. Environmental risks associated with our production operations include (i) discharge of Ammonia or toxic gases in the atmosphere; (ii) spillage of Sulphuric acid or Phosphoric acid from tanks or pipelines due to punctures; and (iii) discharge of Gypsum in waterways. We obtain the requisite registrations and approvals from time to time and despite efforts to prevent such hazards by training our personnel, conducting industrial hygiene assessments and

employing other prescribed safety measures, such measures may not be adequate. Accordingly, the occurrence of any such event or a failure in measures we take to prevent such events in the future could have an adverse effect on our business, results of operations and financial condition.

Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facility may release into the air and water. The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. For example, under the consent to operate dated March 31, 2017, granted to us by the State Pollution Control Board, Odisha, the discharge and emissions from our effluent treatment plant and sewage treatment plant outlets and chimney stacks are permissible only up to a specified limit. Any violation of these prescribed conditions, could lead to, among other things, revocation of our consent to operate. Any of the foregoing could subject us to litigation, which could lower our profits in the event we were found liable, and could also adversely affect our reputation. Additionally, the Government or the relevant regulatory bodies may require us to shut down our manufacturing plants, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, maternity leave, hiring and termination of employees, contract labour and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. We have also made and expect to continue making capital expenditures on an on-going basis to comply with all applicable environmental, health and safety and labour laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. If we are unable to remain in compliance with all applicable environmental, health and safety and labour laws, our business, results of operations and financial condition may be adversely affected.

Although we have no reason to believe that such statutory and regulatory permits and approvals will not be granted and/or renewed as and when required, we cannot assure you that we will be able to maintain, renew or obtain any statutory and regulatory permits and approvals in the future, in a timely manner, or that no additional requirement will be imposed in connection with such request. We also cannot assure you that we will timely comply with all our obligations with governmental agencies, including obtaining the necessary operating permits in a timely manner. For example, our registration under the Contract Labour (Abolition and Regulation) Act, 1970 has expired and is pending renewal. Further, we are yet to receive a no objection certificate for our manufacturing facility from the fire department of Odisha. For further details in relation to approvals which are pending, see “**Government and Other Approvals**” on page 416. In the event that we are unable to renew or maintain such statutory permits and approvals or comply with any or all of their applicable terms and conditions, or seek waivers or extensions of time for complying with such terms and conditions, our operations may be interrupted and penalties may be imposed on us by the relevant authorities.

11. *Our inability to expand or effectively manage our distribution network may have an adverse effect on our business, results of operations and financial condition.*

We distribute our products across 17 states in India through our network of 11 regional marketing offices and 1,324 stock points as of March 31, 2021. Our network includes 4,529 dealers and over 60,257 retailers, catering to over five million farmers in India, each as of March 31, 2021. The acquisition of the Goa Facility is further expected to expand our distribution network. Our ability to expand and grow our product reach significantly depends on the reach and effective management of our distribution network. We continuously seek to increase the penetration of our products by appointing new dealers and retailers targeted at different customer groups and geographies. We cannot assure you that we will be able to successfully identify or appoint new dealers and retailers or effectively manage our existing distribution network. Further, there can also be no assurance that our dealers will renew their arrangements with us on current or similar terms, or at all. Our dealers could change their business practices or seek to modify the terms that we have customarily followed with them, including in relation to their payment terms. While we negotiate product prices and payment terms with our dealers, in the event our dealers alter their requirements, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

If the terms offered to such dealers and retailers by our competitors are more favourable than those offered by us, dealers and retailers may decline to distribute our products and terminate their arrangements with us. We may be unable to appoint replacement dealers and retailers in a timely fashion, or at all, which may reduce our sales volumes and adversely affect our results of operations.

Further, our competitors may have access to a wider base of farmers than us, or have exclusive arrangements with certain dealers and retailers who may be unable to stock and distribute our products, which may limit our ability to expand our distribution network. We typically have non-exclusive arrangements with our dealers and retailers and while we offer them certain incentive schemes to distribute our products, we may not be able to effectively implement them across our distribution network. We may also face disruptions in the delivery of our products for various reasons beyond our control, which could lead to delayed or lost deliveries. In addition, failure to provide dealers and retailers with sufficient inventories of our products may result in a reduction in the sales of our products. If our dealers and retailers fail to distribute our products in a timely manner, or adhere to the terms of the distribution agreement, or if our distribution agreements are terminated, our business and results of operations may be adversely affected.

12. *We are dependent on a limited number of suppliers to supply our key raw material and any delay, interruption or reduction in the supply of raw materials to manufacture our products may adversely affect our business, results of operations and financial condition.*

We depend on third-party vendors and suppliers for the purchase of raw materials. We depend on OCP for procurement of our most important raw material by value, Phosphate Rock and Phosphoric acid. For instance, for the Financial Years 2021, 2020 and 2019, we purchased from OCP ₹ 2,303.12 million, ₹ 3,941.68 million and ₹ 2,363.83 million worth of Phosphate Rock, respectively, and ₹ 3,377.94 million, ₹ 1,547.06 million and ₹ 4,437.68 million worth of Phosphate Acid, respectively. We also depend on a Qatar state owned chemical and petrochemical marketing and distribution company and a large Indian fertilizer company that trades, sells, markets and supplies critical raw materials to India, for the procurement of Ammonia. We utilize a Government owned oil and gas corporation for the procurement of Sulphur. We are dependent on these suppliers for a stable supply of raw materials. In addition, the Goa Facility requires regasified liquefied natural gas (“RLNG”) for the production of ammonia and urea and also as a fuel for the manufacture of fertilizer. As such, ZACL has entered into a 15-year term gas sale agreement with a Government enterprise for purchase of RLNG and is dependent on this supplier for an uninterrupted supply of RLNG. For further details of the RLNG agreement, see “*The Goa Facility – Description of The Goa Facility’s Business – Raw Materials – RLNG*” on page 163. We cannot be certain that we will be able to obtain raw material meeting the specified quality specifications on commercially acceptable terms or that our suppliers will perform as expected. We cannot assure you that we will be able to continue to obtain adequate supplies of our raw materials, in a timely manner, in the future.

Further, some of our contractual arrangements are required to be renewed or extended on a periodic basis. If our contractual arrangements with such suppliers expire or terminate, or if we fail to (i) receive the quality of raw materials that we require, (ii) negotiate appropriate financial terms, (iii) obtain adequate supply of raw materials in a timely manner, or if our principal suppliers discontinue the supply of such raw materials, or were to experience business disruptions or become insolvent, we cannot assure you that we will be able to find alternate sources for the procurement of raw materials in a timely manner or at all. Moreover, in the event that either our demand increases or our suppliers experience a scarcity of resources, our suppliers may be unable to meet our demand for raw materials. In addition, prices for these raw materials fluctuate and while we seek to manage this exposure, we may not be successful in mitigating these risks. Any such reductions or interruptions in the supply of raw materials, and any inability on our part to find alternate sources for the procurement of such raw materials, may have an adverse effect on our ability to manufacture our products in a timely or cost-effective manner. Our cost of raw materials consumed as disclosed in the Restated Consolidated Statement of Profit and Loss comprised 47.02%, 55.29% and 66.69% of our total expenses, for the financial years 2021, 2020 and 2019, respectively. The occurrence of any such event may adversely affect our business, results of operations and financial condition.

In addition, our dependence on foreign suppliers subject us to a variety of risks and uncertainties. The political and economic instability in the countries in which the foreign suppliers are located, the financial instability of the suppliers, labour problems experienced by suppliers, disruption in the transportation of the raw materials by the suppliers, including as a result of labour slowdowns, currency exchange rates, transport availability and cost, transport security, inflation and other operational factors relating to the suppliers and the countries in which they are located are beyond our control.

Further, we also source raw materials such as Ammonia and Sulphur on a spot basis, while the Goa Facility purchases MOP on a spot basis, in each case to fill any gaps in the requirements based on the production needs for quality and quantity. This may expose us to volatility in the prices of raw materials that we require and we may be unable to pass these costs to our customers, which may reduce our profit margins.

13. Our inability to accurately forecast demand for our fertilizers and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

Our business depends on our estimate of the long-term demand for our fertilizers. Our inventory levels in relation to our raw materials and products are primarily based on forecasts and requirements predicted by our sales team in consultation with our distribution channel. While we forecast the demand for our fertilizers and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. Our inventory days for Financial Years 2021, 2020 and 2019 were 26 days, 59 days and 48 days, respectively. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our fertilizers, we may manufacture fewer quantities of fertilizers than required, which could result in the loss of business. At times when we have overestimated demand, we may have incurred costs to build capacity or purchased more raw materials and manufactured more fertilizers than required. For example, in Financial Year 2019, our internal auditors highlighted that our unplanned procurement of raw material resulted in blockage of working capital. Our inability to accurately forecast demand for our fertilizers and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

14. A shortage or non-availability of electricity, water, fuel or RLNG or an increase in fuel prices may adversely affect our production operations and have an adverse effect on our business, results of operations and financial conditions.

Our manufacturing facility requires a significant amount and continuous supply of electricity, fuel and water and any shortage or non-availability may adversely affect our operations. We primarily source electricity from our captive power plants, and primarily source water for our manufacturing facility from the Department of water resources (Government of Odisha). We also require furnace oil and high speed diesel as fuels for our manufacturing process and in respect of the Goa Facility, would require RLNG for the production of ammonia and urea and also as a fuel for the manufacture of complex fertilizers. Further, some of our raw materials are required to be stored at specific temperatures, supported by continuous supply of electricity. If the supply of electricity, water, fuel and RLNG is not available or the supply is interrupted for any reason, we may need to rely on alternative sources which may not be able to consistently meet our requirements. The cost of purchasing electricity, water, fuels or RLNG from alternative sources could be significantly higher, thereby adversely affecting our cost of production and profitability. Although we have a total of 55 MW of available power (comprising two captive power plants of 16 MW each, designed to run on the excess steam generated from our Sulphuric acid production plant; and a 23 MW power plant), and the Goa Facility has a captive steam turbine generator and captive diesel generator, we cannot assure you that the captive power plants will be able to generate an adequate supply of electricity during power failures. Any failure on our part to obtain alternate sources of electricity, fuel or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

15. Our business depends on our strong and trusted brands and trademarks and may not be adequately protected against third party infringement.

We have obtained registration for our logo  which forms part of our corporate logo and certain other trademarks in relation to our fertilizers such as “Navratna 10:26:26”, “Navratna M.O.P” and “Navaratna 12:32:16” under class 1 under the Trade Marks Act, 1999. Further, we have applied for registration of certain trademarks in relation to our fertilizers, such as “Navratna – D.A.P”, “Navratna 20:20:0:13” and “Navratna 15:15:15:09” which are currently opposed/objected by third parties. We cannot assure you 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. In addition, the *Jai Kisaan* and *Mangala* trademarks, under which our fertilizers are marketed are not owned by us. Further, ZACL is the registered owner of certain trademarks including ‘Jai Kisaan’ in various classes. We have entered into a trademark license agreement dated April 1, 2021 with ZACL (“**ZACL License Agreement**”) for the license to use trademark ‘Jai Kisaan’ for a period of three years and we are required to pay an agreed percentage of gross contribution to be calculated in terms of the ZACL License Agreement. In addition, our Group Company, Mangalore Chemicals and Fertilizers Limited (“**MCFL**”), owns the trademark “Mangala”. We have entered into a trademark license agreement dated April 7, 2021 with MCFL (“**Mangala License Agreement**”) for the license to use trademark ‘Mangala’ for a period of three years and we are required to pay an agreed percentage of gross contribution to be calculated in terms of the Mangala License Agreement. 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. For instance, the licence agreements for “Jai Kisaan” and

“Mangala” can be terminated by either party without any cause, with a notice in advance of three months. Further, we cannot assure you that we will be able to renew ZACL Licence Agreement or the Mangala Licence Agreement or the royalty payments under these licence agreements will not be materially increased or that we will be able to pass on any such increase in royalty expenses to our customers. 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, brand and business.

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.

16. *We have in the past entered into related party transactions and will continue to do so in the future and we cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.*

We have in the past entered into transactions with certain of our related parties. For details, see “**Financial Statements - Related Party Transactions**” on page 277. While we believe that all such related party transactions that we have entered into are conducted on an arms’ length basis in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter into post-listing, will be subject to board or shareholder approval, as necessary under the Companies Act, in the interest of the Company and its minority shareholders and in compliance with the Listing Regulations. Further, although we expect such transactions between us and ZACL to reduce in number (upon completion of the Goa Transaction), it is likely that we may continue to enter into such related party transactions or others in the future. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

17. *The Unaudited Pro Forma Condensed Combined Financial Information included in this Draft Red Herring Prospectus may not accurately reflect our future financial condition, results of operations and business.*

This Draft Red Herring Prospectus contains the Unaudited Pro Forma Condensed Combined Financial Information as at and for the Financial Year ended March 31, 2021 to give a proforma effect to the Goa Transaction and the Offer. The Unaudited Pro Forma Condensed Combined Financial Information has been prepared to show retroactively the impact of the Goa Transaction and the Offer on the unaudited proforma condensed combined balance sheet as if such transactions had taken place on March 31, 2021 and the effect on the unaudited proforma condensed combined statement of profit and loss for the Financial Year ended March 31, 2021, as if such transactions had taken place from April 1, 2020.

As this pro forma financial information is prepared for illustrative purposes only, it by its nature, may not give an accurate picture of the actual financial condition and results of operations that would have occurred had such transactions by us been effected on the dates they are assumed to have been effected in the Unaudited Pro Forma Condensed Combined Financial Information. Although the Unaudited Pro Forma Condensed Combined Financial Information has been prepared using the principles as prescribed under Ind AS 103 “Business Combinations”, such information has not been prepared in accordance with accounting standards and practices generally accepted in jurisdictions other than India, (for instance Regulation S-X under the U.S. Securities Act of 1933, as amended) and accordingly should not be relied upon as if it had been prepared in accordance with such principles and standards. If the various assumptions underlying the preparation of the Unaudited Pro Forma Condensed Combined Financial Information do not come to pass, our actual results could be materially different from those indicated in the Unaudited Pro Forma Condensed Combined Financial Information. Further, in connection with the Goa Transaction, in compliance with regulations applicable to us, we may incur certain costs, which could also cause such Unaudited Pro Forma Condensed Combined Financial Information to not be reflective of our future performance.

18. *The Special Purpose Carve-out Financial Statements included in this Draft Red Herring Prospectus may not accurately reflect the financial condition, results of operations and business of the Goa Facility.*

This Draft Red Herring Prospectus contains Special Purpose Carve-out Financial Statements for the Goa Facility as at and for the Financial Years ended March 31, 2021, 2020 and 2019. Although the Carve-out Financial Statements were prepared in accordance with recognition and measurement principles under Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), the presentation requirements of Division II of Schedule III of the Companies Act 2013, and the Guidance Note on Combined and Carved Out Financial Statements issued by the ICAI, such financial statements may not accurately reflect what the Goa Facility's financial position and financial performance would have been had the Goa Facility operated as an independent, standalone company. Further, the information may not be representative of the financial position and financial performance which may prevail after the transaction. Further, these Special Purpose Carve-out Financial Statements may not include all the actual expenses that would have been incurred had the carve-out business operated as a standalone company during the periods presented and may not reflect the financial position and financial performance had it operated as a standalone company during such periods. Actual costs that would have been incurred if carve-out business had operated as a standalone company would depend on multiple factors, including organizational structure, capital structure, strategic and tactical decisions made in various areas, including information technology and infrastructure, and accordingly the Special Purpose Carve-out Financial Statements may differ materially from the Goa Facility's actual financial condition and results of operation.

19. *Our operations depend on the availability of timely and cost-efficient transportation and other logistic facilities for the delivery of raw materials to our manufacturing facility and for the delivery of finished products to our distributors, retailers and farmers and any prolonged disruption may adversely affect our business and results of operations.*

We typically rely on third party transportation providers and engage carrying and forwarding agents to supply most of our raw materials and to deliver products to our customers. Our operations depend on the timely transport of raw materials to our manufacturing facility and of our products to distributors, retailers and farmers. We use a combination of land and ocean transport for such purposes, which are subject to various bottlenecks and other hazards beyond our control, including customs, weather, strikes or civil disruptions. Further, we cannot guarantee that our insurance will cover loss in such circumstances, as well as where raw materials are delayed or damaged during transit. Continuing increases in transportation costs may have an adverse effect on our business, results of operation and financial condition. 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. In addition, our unionized workforce are primarily associated with bagging unit, which is part of the final link in the plant supply chain and as such, any strike by members has and is likely in the future to lead to adverse operational outcomes. Any failure to maintain a continuous supply of raw materials or to deliver our products to our distributors, retailers and farmers in an efficient and reliable manner could have an adverse effect on our business and results of operations.

20. *Our inability to introduce new fertilizers and respond to changing customer preferences in a timely and effective manner, may have an adverse effect on our business, results of operations and financial condition.*

The success of our business depends upon our ability to anticipate and identify changes in the preferences of farmers and offer them fertilizers that they require, on a timely basis. Although changes in the preferences of farmers has historically been limited, and although we seek to identify such trends, we cannot assure you that our fertilizers would gain consumer acceptance or that we will be able to successfully compete in such segments. In order to remain competitive, we must develop, test and manufacture new fertilizers, which must meet regulatory standards and receive requisite regulatory approvals.

It is often difficult to estimate the time to market new products and there is a risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested resources in the development of such product. If we fail to successfully introduce new fertilizers our business, prospects, results of operations, financial condition and cash flows may be adversely affected.

21. *The fertilizers and related products industry is intensely competitive and our inability to compete effectively may adversely affect our business, results of operations and financial condition.*

The fertilizers and related products industry is highly competitive with several major companies present,

and therefore it is challenging to maintain or improve market share and profitability. Many of our competitors may have greater financial, manufacturing, marketing and other resources, more experience in obtaining regulatory approvals, greater geographic reach, broader product ranges or a stronger sales force. Our competitors may succeed in developing products that are more effective, popular or cheaper than ours, which may render our products uncompetitive and adversely affect our business, results of operations and financial condition. Further, some of our competitors, which include major multinational corporations, may consolidate and integrate their operations, and the strength of combined companies could affect our competitive position. Consolidated corporations may have greater financial, manufacturing, marketing and other resources, broader product ranges and larger, stronger sales forces, which may make them more competitive than us. Further, certain of our Group Companies, such as Mangalore Chemicals, JFC IV, JFC V and Zuari Farmhub Limited manufacture and sell fertilizers that are the same or similar to ours and are accordingly an alternative for customers. Additionally, if one of our competitors or their customers acquire any of our customers or suppliers, we may lose business from the customer or lose a supplier of a critical raw material or component. Any failure by us to compete effectively, including in terms of pricing or providing quality products, which may adversely affect our business, results of operations and financial condition.

22. *Changes in technology may render our current technologies obsolete or require us to incur substantial capital expenditure.*

Our industry is subject to change due to technological advances and scientific discoveries. These changes may result in the introduction of new products and significant price competition. If our technologies become obsolete, and we are unable to effectively introduce new products, our business and results of operations could be adversely affected. Although we strive to keep our technology, facilities and machinery current with the latest standards such as through our use of the SAP S/4HANA integrated ERP analytic business solution, the technologies, facilities and machinery we currently employ may become less competitive or even obsolete due to advancement in technology or changes in market demand, which may require us to incur substantial capital expenditure. The cost of implementing new technologies and upgrading our manufacturing facility could be significant. If our competitors introduce superior technology and we cannot make enhancements to ours to remain competitive, either because we do not have the resources to continually improve our technology by adequately investing in R&D or for any other reason, our competitive position, and in turn our business, results of operations and financial condition may be adversely affected.

23. *Our management team and other key personnel are critical to our continued success and the loss of such personnel could adversely affect our business.*

Our success significantly depends upon the continued service of our management team and other key personnel and our ability to retain and attract qualified individuals is critical to our success. Certain of our Directors have extensive experience in the fertilizer sector. These executives possess technical and business capabilities that may be difficult to replace. Competition for individuals with specialized knowledge and experience is intense in our industry. If we lose the services of such members, we may be unable to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could adversely affect our business operations. Further, as we expect to continue to expand our operations and acquire assets, we will need to continue to attract and retain experienced management personnel. If we are unable to attract and retain qualified personnel, our results of operations may be adversely affected.

24. *We face foreign exchange risks that could adversely affect our results of operations.*

We are exposed to foreign exchange risks since our business is dependent on imports entailing large foreign exchange transactions, in currencies including the U.S. Dollar and Euro. In addition, our future capital expenditures, including any imported equipment and machinery, may be denominated in foreign currencies. For details of a sensitivity analysis for a change in foreign currency rates, see “**Financial Statements – Notes to Consolidated Financial Statements - Note 35 – Market Risk – Foreign Currency Risk**”, on page 283. Although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in accordance with our Foreign Exchange Risk Management Policy in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. 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 have an adverse effect on our results of operations and cash flows.

25. ***We are susceptible to product liability claims that may not be covered by insurance, which may require substantial expenditure and may adversely affect our reputation and if successful, could require us to pay substantial sums.***

The products that we manufacture or process are subject to risks such as contamination, adulteration and product tampering during their manufacture, transport or storage. Our business exposes us to potential product liability claims, and the severity and timing of such claims are unpredictable. We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. While our products are researched before being commercialized, are approved under the Fertilizer Control Order, 1985 (“**1985 Order**”) and we obtain and maintain quality certifications and accreditations from independent certification entities and also comply with prescribed specifications and standards of quality approved by the Government in connection with the products we manufacture, if we fail to comply with the applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, in a timely manner or at all, it may give rise to product liability claims which may adversely affect our reputation, business, results of operations and financial condition. We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling, which may lead to the deterioration of our products, or from defects arising from deterioration in our quality controls. For example, although we extensively test our raw material Sulphur, there could still be some deviation from prescribed quality standards due to factors such as human error. Further, certain of our other raw material such as Ammonia and products such as MOP are required to be stored and handled carefully and under certain safety conditions. Product liability claims, regardless of their merits or the ultimate success of the defense against them, are expensive. Even unsuccessful product liability claims would likely require us to incur substantial amounts on litigation, divert our management’s time, adversely affect our goodwill and impair the marketability of our products. Although we have obtained product liability coverage, if any product liability claim sustained against exceeds the policy limits, it could harm our business and financial condition. We may also experience a product recall. Any product recall, product liability claim or adverse regulatory action may adversely affect our reputation, business, results of operations and financial condition.

A successful product liability claim that is excluded from coverage or exceeds our policy limits may require us to pay substantial sums and may adversely affect our financial position and results of operations. In addition, insurance coverage for product liability may become prohibitively expensive in the future. As a result, it is possible that, in the future, we may not be able to obtain the type and amount of coverage we desire at an acceptable price and self-insurance may become the sole commercially reasonable means available for managing the product liability risks of our business.

26. ***The availability of counterfeit products passed off by others as our products, could adversely affect our reputation, goodwill and results of operations.***

Entities in India could pass off their own products as ours, including counterfeit or pirated products. For example, certain entities could imitate our brand names, packaging materials or attempt to create look-alike products. As a result, our market share could be reduced due to replacement of demand for our products and adversely affect our goodwill. The proliferation of unauthorized copies of our products, and the time and attention lost to defending claims and complaints about spurious products, could decrease our revenue and have an adverse effect on our reputation, goodwill and results of operations.

27. ***Our insurance coverage may not be sufficient or adequate to protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

We could be held liable for accidents that occur at our manufacturing facility or otherwise arising out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of coverage include all risk insurance policy, electronic equipment insurance policy, standard fire and special perils policy – floater declaration policy, marine sales turnover policy, machinery breakdown insurance policy, property damage and business interruption policy, fire-mega risk policy, money insurance policy, liability insurance policy, standalone terrorism – fire insurance policy, burglary, fidelity guarantee and directors’ and officers’ liability insurance policy.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have taken out

sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time and we may not be able to renew our policies in a timely manner, or at acceptable cost. To the extent that we suffer loss or damage, for which we have not obtained or maintained insurance, or which is not covered by insurance, which exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations and financial condition could be adversely affected.

28. *We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations.*

As at March 31, 2021, we had 915 employees, in addition to contractual labour. Our workforce is likely to substantially increase after the completion of the acquisition of the Goa Facility. The success of our operations depends on availability of labour and maintaining good relationship with our workforce. We also have unionized labour at our manufacturing facility at Paradeep, along with the Goa Facility. We cannot assure you that our relations with our employees shall remain cordial at all times and that employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Any labour disruptions may adversely affect our manufacturing operations, increasing our cost of production or even halting a portion of our production. Since these disruptions are difficult to predict or control, they may also cause us to miss sales commitments, hurt our relationships with customers and disrupt our supply chain, which could adversely affect our business and results of operations.

29. *If we are unable to raise additional capital, our business, results of operations and financial condition could be adversely affected.*

We will continue to incur significant expenditure in upgrading and growing our existing infrastructure. We cannot assure you that we will have sufficient capital resources for all of our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions and the effect of events such as the COVID-19 pandemic, credit availability from banks, investor confidence, the continued success of our operations and laws that are conducive to our raising capital in this manner. Any unfavourable change to terms of borrowings may adversely affect our cash flows, results of operations and financial conditions. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants and may have to grant security interests over certain of our assets. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations and financial condition could be adversely affected.

30. *Our ability to access capital at attractive costs depends on our credit ratings. Non-availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business and results of operations.*

The cost and availability of capital, among other factors, depend on our credit rating. Our line of credit has been rated ICRA A (long term rating) and ICRA A1 (short term rating), both with an outlook of watch with negative implications. Our credit rating reflects, among other things, the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings, or poor ratings, or any downgrade in our ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations. In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

31. *Our lenders have imposed certain restrictive conditions on us under our financing agreements. This may limit our ability to pursue our business and limit our flexibility in planning for, or reacting to, changes in our business or industry.*

As of March 31, 2021, we had consolidated total borrowings (non-current borrowings, current borrowings and current maturities of non-current borrowings) as per our Restated Consolidated Financial Information of ₹ 12,511.72 million. Many of our financing agreements include conditions and restrictive covenants, including the requirement that we obtain consent from or notify our lenders prior to carrying out certain activities and entering into certain transactions including, among others, (a) changing the shareholding

pattern, ownership or control; (b) entering into any scheme of merger, amalgamation, compromise or reconstruction; (c) changing the management of the Company; (d) changing our Company's Memorandum of Association and Articles of Association; (e) creating, assuming or incurring any further indebtedness or incurring any capital expenditure, (f) repaying or prepaying indebtedness; (g) undertaking any new project or implementing any scheme of expansion or acquiring any fixed assets; and (h) approaching capital markets for additional resources in the form of debt or equity. Furthermore, some of our lenders have the right to appoint a nominee director and observer on our Board at any time it thinks fit. In addition, in terms of security, we are required to create a mortgage over our immovable properties by way of depositing original title deeds, and hypothecate our movable properties. These restrictions may limit our flexibility in responding to business opportunities, competitive developments and adverse economic or industry conditions. Further, while we have received consents from six of our lenders for undertaking this Offer (to the extent required under the relevant facility agreements), we are yet to receive consent from three of our lenders, namely, State Bank of India, HDFC Bank and Coöperatieve Rabobank U.A.. A breach of any of the covenants, or a failure to pay interest or indebtedness when due, under any of our financing agreements, could result in a variety of adverse consequences, including the termination of one or more of such agreements, levy of penal interest, the enforcement of any security provided, acceleration of all amounts due under such agreements, right to appoint nominee on our Board and cross-defaults under certain of our other financing agreements, any of which may adversely affect our business, results of operations and financial condition.

Our financing agreements also generally contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity ratios. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time. We cannot assure you that we will comply with the covenants with respect to our financing agreements in the future or that we will be able to secure waivers for any such non-compliance in a timely manner or at all. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing agreements, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes.

Any failure to comply with the conditions and covenants in our financing agreements that is not waived by our lenders or otherwise cured could lead to a termination of our credit facilities, foreclosure on our assets, acceleration of all amounts due under such facilities or trigger cross-default provisions under certain of our other financing agreements, any of which could adversely affect our financial condition and our ability to conduct and implement our business plans.

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

The Fertiliser (Control) Order, 1985, inter alia, regulates the quality of fertiliser products manufactured in India and such fertiliser products are subject to independent verification by Government agencies. Government agencies carry out surprise sample checking of fertilisers 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 involving our Company, see "**Outstanding Litigations and Material Developments**" on page 408. Any failure in relation to quality control could lead to the cancellation of registration granted to our Company for selling fertiliser products in one or more states.

33. *Significant disruptions of information technology systems or breaches of data security could adversely affect our business.*

We depend upon information technology systems, including internet-based systems, for our business operations. The size and complexity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion and computer viruses. Although we have not experienced any significant disruptions to our information technology systems, we cannot assure you that we will not encounter disruptions in the future. Any such disruption may result in the loss of key information and disrupt our operations, which could adversely affect our business and results of operations. In addition, our systems are potentially vulnerable to data security breaches, whether by employees or others that may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other

intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, customers and others. Any such security breaches could have an adverse effect on our business and reputation.

34. *Our Promoters will be able to exercise significant influence and control over our Company after this Offer and may have interests that are different from those of our other shareholders.*

As on the date of this Draft Red herring Prospectus, our Promoters, GoI and Zuari Maroc Phosphates Private Limited (“ZMPPL”) hold 19.55% and 80.45%, respectively of the issued, subscribed and fully paid-up equity share capital of our Company. By virtue of their shareholding, our Promoters will have the ability to exercise significant influence over our Company and our affairs and business, including the election of our Directors, the timing and payment of dividends, the adoption of and amendments to our Memorandum and Articles of Association, the approval of a merger, amalgamation or sale of our assets and the approval of most other actions requiring the approval of our Shareholders. The trading price of our Equity Shares could be adversely affected if potential new investors are disinclined to invest in us because they perceive there to be disadvantages in our Promoters holding a large percentage of our Equity Shares.

35. *Information relating to the historical installed capacity of our manufacturing facility included in this Draft Red Herring Prospectus is based on various assumptions and estimates and our future production and capacity may vary.*

Information relating to the historical installed capacity of our manufacturing facility included in this Draft Red Herring Prospectus is based on various assumptions and estimates of our management and independent chartered engineers, including explanations and representations provided by our Company, physical inspection of the machinery and equipment, verification of the relevant records and documents of our Company.. Actual production volumes may differ significantly from the estimated production capacities of our manufacturing facility. Investors should therefore not place undue reliance on our historical installed capacity information for our existing manufacturing facility included in this Draft Red Herring Prospectus. Further, the installed capacity, capacity utilisation and other related information may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to capacity information that may be computed and presented by other fertilizer manufacturers. Undue reliance should therefore not be placed on our historical installed capacity information for our existing plants included in this Draft Red Herring Prospectus.

36. *We have commissioned an industry report from CRISIL Limited which has been used for industry related data in this Draft Red Herring Prospectus. Accordingly, prospective investors are advised not to place undue reliance on such information.*

We have commissioned and paid CRISIL Limited to prepare a report on the fertilizer industry and they have provided us with a report titled “Assessment of Fertilizer Market in India” dated July, 2021 (the “**CRISIL Report**”), which has been used for industry related data that has been disclosed in this Draft Red Herring Prospectus. The CRISIL Report uses certain methodologies for market sizing and forecasting and while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context. 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. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on the information in the CRISIL Report.

37. *We have been unable to locate certain of our historical corporate records.*

Our Company was incorporated on December 24, 1981 and we have been unable to trace the following corporate records in our historical records:

- Form-2 filed with the Registrar of Companies in relation to each of the allotments of Equity Shares made by our Company since incorporation, along with the relevant attachments including approvals obtained from the statutory authorities, where applicable;
- Copies of dematerialised statements and share transfer forms, as applicable in relation to transfer of Equity Shares to and by our Promoters; and

- Form-18 filed with the Registrar of Companies in relation to changes in the registered office of our Company

For details of the above instances of allotments, see “**Capital Structure – History of Equity Share Capital Build-up, Contribution and Lock-in of Promoter’s Shareholding**” and “**History and certain Corporate Matters**” on pages 67 and 202.

We have been unable to trace any of these documents despite conducting a search at our Company’s offices and certain of these documents despite conducting a search at the office of the Registrar of Companies and may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions or actions. Accordingly, reliance has been placed on confirmations provided by us in respect of the missing corporate records and appropriate disclosures have been made in this Draft Red Herring Prospectus pursuant to the due diligence of the other relevant corporate records available with our Company including the minutes of meetings of the Board and shareholders, register of members and register of transfer of equity shares to ascertain the information sought from the missing corporate records. Further, we have engaged Sunita Mohanty & Associates (“SMA”) to conduct a physical inspection of the secretarial records filed by our Company with the Registrar of Companies (“**Inspection**”). Pursuant to the Inspection, SMA has issued a certificate dated August 12, 2021, confirming that, i) the Form 2 filings, along with the relevant attachments, in relation to each of the allotments of equity shares prior to June 17, 1999 are untraceable; and ii) the Form 2 filings in relation to each of the allotments of equity shares on and after June 17, 1999 and the Form-18 filings are available in physical form at the office of the Registrar of Companies.

While no legal proceedings or regulatory action has been initiated against our Company in relation to the unavailable filings as of the date of this Draft Red Herring Prospectus, we cannot assure you that such proceedings or regulatory actions will not be initiated against our Company in the future in relation to the missing filings and corporate records.

38. *We have not been able to obtain certain records of the educational qualifications of a Director and have relied on the declaration and affidavit furnished by such Director for details of his profile included in this Draft Red Herring Prospectus.*

Our director, Marco Philippus Ardeshir Wadia (Independent Director), has been unable to trace copies of documents pertaining to his educational qualifications. Accordingly, reliance has been placed on the declaration and undertaking furnished by such director to us and the BRLMs to disclose details of his educational qualifications in this Draft Red Herring Prospectus. Our Company and the BRLMs have been unable to independently verify these details prior to inclusion in this Draft Red Herring Prospectus. Further, there can be no assurances that our Director will be able to trace the relevant documents pertaining to his qualifications in future, or at all.

39. *Some of our Promoters are involved in ventures that may operate in similar lines of business as our Company and certain of our Directors are also on the board of directors of, or have interests in, such ventures which are in the same line of business as our Company. In the event of a conflict of interest, our Promoters and our Directors may favour the interests of such venture over our interests.*

ZACL is one of our Promoters and also the promoter of our Group Companies, Mangalore Chemicals and Fertilizers Limited and Zuari Farmhub Limited, which are currently engaged in the business of manufacture of fertilizers. In addition, OCP is one of our Promoters and a majority shareholder of certain of our Group Companies, namely Jorf Fertilizers Company IV and Jorf Fertilizers Company V, which are also currently engaged in the business of manufacture of fertilizers. While there are no conflicts at present, we cannot assure you that no potential conflict of interest may arise. We also cannot assure you that no potential conflict of interest may arise with ZACL and OCP in the future. Further, our Directors, Narayanan Suresh Krishnan and Dipankar Chatterji are also directors on the boards of ZACL and Mangalore Chemicals and Fertilizers Limited, while Saroj Kumar Poddar and Marco Phillipus Ardeshir Wadia also directors on the board of ZACL and have interests in an entity that is engaged in a business similar to ours. We cannot assure you that our Directors will not compete in business in which we are already present or will enter into in the future. Due to such conflicts of interest, our Promoters and Directors may make decisions which may not be in the best interests of our shareholders and adversely affect our business, results of operations and financial condition.

40. *Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.*

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends depends on our earnings, financial condition, cash flows and capital requirements. 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 the Equity Shares. We cannot assure you that we will be able to pay dividends in the future. For further details on our dividend policy, see “**Dividend Policy**” on page 240.

Additionally, the Finance Act, 2020 (“**Finance Act**”) provides, amongst other things that dividend distribution tax (“**DDT**”) will not be payable in respect of dividends declared, distributed or paid by a domestic company on or after April 1, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. In case of a non-resident shareholder, the provisions of double taxation avoidance agreements and multilateral instrument shall also apply.

41. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition.

As of March 31, 2021, our contingent liabilities (to the extent provided for) as per “**Annexure VI – Notes to the Restated Consolidated Financial information – Note 29 – Contingent Liabilities**” on page 272 were as follows:

(₹ in million)	
Matters	As of March 31, 2021
Subsidy withheld	535.21
Goods and services tax demand	199.99
Entry tax demand on imported raw materials including interest and penalty	290.94
Sales tax/VAT/CST demands	1,058.94
Central excise demands for March 2011	23.41
Service tax demand	13.46
Custom duty and countervailing duty	11.00
Income tax demands	17.41
Demand towards contribution to Water Conservation Fund	232.25
Other claims against the Company not acknowledged as debt	281.57

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, results of operations, financial condition and cash flows.

42. Our Statutory Auditor and the auditor of the Special Purpose Carve-out Financial Statements have included an emphasis of matter paragraph and a material uncertainty related to going concern in their auditors’ reports on certain financial statements as of and for Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019, as applicable.

- Our Statutory Auditor has included emphasis of matter in their report on our financial statements as of and for the Financial Year ended March 31, 2020 which describes receivables as at March 31, 2020, which includes an amount of ₹ 3,693.74 million outstanding from ZACL, our management’s plan for settlement of its dues with ZACL and that they consider such amount to be recoverable. For further details see “**Financial Statements**” on page 241.
- The auditor of the Special Purpose Carve-out Financial Statements has included emphasis of matters in their report on the carve-out financial statements as of and for the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019 indicating that: (i) the special purpose carve-out financial statements are prepared for the purpose as described in such financial statements and may not be suitable for another purpose; (ii) the transfer related to the Goa Transaction is subject to the satisfaction of conditions precedent as stipulated in the BTA. Pending receipt of certain approvals no adjustments to carrying value of assets and liabilities have been made that may arise in case such approvals are not received; (iii) the management team’s assessment of the impact of the uncertainties related to outbreak of COVID-19 on the future business operations of the fertilizer division; (iv) the Recoverability of GST credit on input services recognized by ZACL in respect of its fertilizer division is based on its assessment and on a legal opinion obtained by ZACL; and (v) Recoverability of subsidy income accrued during the year ended March 31, 2013 by the fertilizer division of ZACL for which a provision has not been considered.

- The auditor of the Special Purpose Carve-out Financial Statements has included material uncertainty to indicate that in addition to a net current liability position, there are events or conditions which indicate that a material uncertainty exists that may cast significant doubt on the fertilizer division of ZACL and its ability to continue as a going concern. It also describes mitigating factors considered by the management in its assessment, in view of which the Special Purpose Carve-out Financial Statements have been prepared under the going concern assumption. For further details see the Special Purpose Carve-out Financial Statements under “**Financial Information**” on page 241.

There can be no assurance that any similar material uncertainties, remarks or matters of emphasis will not form part of the audit reports on our financial statements for future fiscal periods, or that such remarks will not affect our financial results in future fiscal periods. Investors should consider these material uncertainties, remarks and matters of emphasis in evaluating our financial condition, results of operations and cash flows. Any such material uncertainties, remarks or matters of emphasis in the auditors’ report on our financial statements in the future may also adversely affect the trading price of the Equity Shares.

43. *We engage independent contract labour for carrying out certain business operations and are exposed certain wage payments where independent contractors default.*

We engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing facility as well as at our offices. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial condition.

44. *Our Promoters and certain of our Directors have interests in our Company other than their normal remuneration or benefits and reimbursement of expenses.*

Our Promoters and certain of our Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses. For further information on the interest of our Promoters and Directors, other than reimbursement of expenses incurred or normal remuneration or benefits, see “**Our Management**” and “**Our Promoters and Promoter Group**” on pages 207 and 226, respectively.

45. *If we are unable to manage our growth strategy effectively, our business and prospects may be adversely affected.*

Our growth strategies may strain our managerial, operational, financial and other resources. If we are unable to manage our growth strategy effectively, our business and prospects may be adversely affected. See “**Our Business – Our Strategies**” on page 142.

46. *Our management will have broad discretion in how we apply the Net Proceeds and there is no assurance that the Objects of the Offer will be achieved within the time frame expected, or at all, or that the deployment of Net Proceeds in the manner intended by us will result in any increase in the value of your investment.*

We intend to use the Net Proceeds for the purposes described under the “**Objects of the Offer**” from pages 79 to 88. The Objects of the Offer comprise part-financing the acquisition of the Goa Facility, repayment/prepayment of certain of our borrowings and for general corporate purposes (the amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds). Our fund requirements and deployment of Net Proceeds are based on internal management estimates. However, other than our statutory auditors, the Objects of the Offer have not been appraised by any bank, financial institution or other independent agency. Our management will have broad discretion to revise our business plans, estimates and budgets from time to time. Consequently, our funding requirements and deployment of funds may change, which may result in rescheduling of the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular activity, subject to compliance with applicable law and the investment policies approved by our management. Further, pursuant to Section 27 of the Companies Act, 2013, any variation in the Objects of the Offer would require a special resolution of the shareholders and the promoter or controlling shareholders will be required to provide an exit opportunity to the shareholders who not agree to such proposal to vary the Objects of the Offer, in accordance with applicable law.

In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements. If actual utilization towards the Objects of the Offer is lower than the proposed deployment, such balance will be used for future growth opportunities, including funding other existing objects, if required. If estimated utilization of the Net Proceeds is not completely met in a fiscal year, it shall be carried forward.

In addition, as the Offer includes an offer for sale of Equity Shares by the Selling Shareholders, the proceeds from the Offer for Sale will be remitted to the Selling Shareholders and our Company will not benefit from such proceeds.

47. Certain portion of the Net Proceeds are proposed to be paid to one of our Promoters.

Our Company entered into the BTA with our Promoter, ZACL, for the acquisition of the Goa Facility from our Promoter, as a going concern on a slump sale basis. Our Company intends to utilise ₹ 6,420.00 million from the Net Proceeds towards part financing the acquisition of the Goa Facility. While the enterprise value of the Goa Facility as agreed in the BTA is USD 280 million, equivalent to ₹ 20,523 million as per the terms of BTA, such enterprise value is subject to a number of adjustments for determining the final consideration to be paid by our Company to ZACL. For details in relation to the computation of the purchase consideration, see “**Objects of the Offer- Details of the Objects- Valuation, adjustments and computation of purchase consideration**” on page 81. However, the exact quantum of the adjustments to the enterprise value will be computed as on the date of the completion date and closing of the Goa transaction, subsequent to listing and trading of shares, subject to the terms of the BTA.

48. Our Company will not receive any proceeds from the Offer for Sale.

The proceeds from the Offer for Sale will be paid to the Selling Shareholders. Our Promoters, ZMPPL and Government of India, are selling Equity Shares in the Offer and will receive proceeds as part of the Offer for Sale in proportion of their respective portion of the Offered Shares transferred pursuant to the Offer. Accordingly, our Company will not receive any proceeds from the Offer for Sale.

49. Our statutory auditors have made certain comments in our Restated Consolidated Financial Information.

Our statutory auditors are required to comment upon matters included in the Companies (Auditor’s Report) Order (“**CARO Report**”) of the Company issued by the Central Government of India in terms of sub-section (11) of Section 143 of the 2013 Act. For further details, see “**Financial Statements - The Restated Consolidated Financial Information – Annexure VII**” on page 287.

50. We have had negative cash flows in the past and may continue to have negative cash flows in the future.

We had negative cash flows in the past as set out below:

	(₹ in million)		
	For the Financial Year		
	2021	2020	2019
Net cash generated from / (used in) operating activities	15,011.48	12,697.36	(9,204.48)
Net cash (used in) investing activities	(2,893.25)	(1,431.63)	(1,031.78)
Net cash generated from / (used in) financing activities	(11,243.84)	(11,412.27)	10,184.49
Net increase / (decrease) in cash and cash equivalents	874.39	(146.54)	(51.77)

For further details, see “**Financial Statements**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 241 and 384, respectively. We cannot assure you that our net cash flows will be positive in the future.

Risks Relating to India

51. A slowdown in economic growth in India or political instability could adversely affect our business.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. In the recent past, Indian economy has been affected by global economic uncertainties and

liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates, the COVID-19 pandemic and various other factors. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operation and the trading price of the Equity Shares. Volatility, negativity, or uncertain economic conditions could undermine the business confidence and could have a significant impact on our results of operations. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on our results of operations.

Further, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, the market price and liquidity of the Equity Shares may be affected by changes in Government of India policy, including those related to fertilizer subsidies, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

52. *The occurrence of natural and man-made disasters could adversely affect our business, results of operations, cash flows and financial condition.*

Our operations may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations which may affect our business. Damage or destruction that interrupts our development could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our infrastructure. While our insurance policies for assets cover such natural disasters, such policies may not be adequate to cover the loss arising from these events, which could adversely affect our results of operations and financial condition and the price of the Equity Shares.

Additionally, India has from time to time experienced instances of civil unrest and terrorist attacks, regional or international hostilities or other acts of violence of war as well as other adverse social, economic and political events. These events could lead to political or economic instability in India and may adversely affect the Indian economy. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares. Such incidents could also create a greater perception that investments 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.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the examples mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example:

- The Taxation Laws (Amendment) Act, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this new ordinance, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for Indian companies from 34.94% to approximately 25.17%. While we have not opted for the concessional regime and continue to be subject to other benefits and exemptions, any such future amendments may affect our other

benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us.

- The Government of India has announced the union budget for the fiscal 2022, pursuant to which the Finance Bill, 2021 (“Finance Bill”) has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021 (“Finance Act, 2021”). We have not fully determined the impact of these recent and proposed laws and regulations on our business.
- The Government of India has passed new laws relating to social security, occupational safety, industrial relations and wages namely, the Code on Social Security, 2020, the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, respectively which were to take effect from April 1, 2021 (collectively, the “Labour Codes”). The Government of India has deferred the effective date of the Labour Codes and they shall come into force from such date as may be notified by the Government. Further, the Code on Social Security, 2020 (“Social Security Code”) will impact overall employee expenses and, in turn, could impact the profitability of our Company. Under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government), of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees’ provident fund.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. 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 and prospects. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, 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 businesses in the future.

54. *Investors may not be able to enforce a judgment of a foreign court against our Company outside India.*

Our Company is incorporated under the laws of India. Our Company’s assets are located in India and most of our Company’s Directors and Key Managerial Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory,

such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court. The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. 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 favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

55. *A downgrade in credit ratings of India, may affect the trading price of the Equity Shares. Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India.*

India's sovereign rating from S&P is BBB- with a "stable" outlook as of May 2021. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB- with a "negative" outlook (Fitch) in June 2020 (reaffirmed in May 2021 by Fitch); and from BBB "stable" to BBB "negative" by DBRS in May 2020. Any further 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 favourable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares

56. *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 customers 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.

57. *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. In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade (“DPIIT”), the foreign direct investment policy has been recently amended to state that all investments under the foreign direct investment route by entities of a country which shares 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. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules. While the term “beneficial owner” is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term “beneficial owner”. The interpretation of “beneficial owner” and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the Government of India may be obtained, if at all.

58. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares. The Income Tax Act levies taxes on long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while there is no tax charged on unrealized capital gains earned up to January 31, 2018 on equity shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax (“STT”), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of Equity Shares held for more than 12 months, which are

sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

The Finance Act, 2020 ("Finance Act"), passed by the Parliament of India stipulates the sale, transfer and issue of certain securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. Under the Finance Act, any dividends paid by an Indian company will be subject to tax in the hands of the shareholders and such taxes will be withheld by the Indian company paying dividends. Additionally, the Finance Act does not require DDT to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends

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

The financial statements included in this Draft Red Herring Prospectus have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated in accordance with the SEBI ICDR Regulations included in this Draft Red Herring Prospectus, 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 Draft Red Herring Prospectus should be limited accordingly.

60. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.*

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

Risks Related to the Offering

61. *The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.*

The Offer Price of the Equity Shares will be determined by our Company (through the IPO Committee) in consultation with the Selling Shareholder and the BRLMs, and through the Book Building Process. This price will be based on numerous factors, as described under "**Basis for Offer Price**" on page 89 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

62. *There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.*

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer.

In accordance with current regulations and circulars issued of SEBI, the Equity Shares are required to be listed on the Stock Exchanges within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

- 63. *The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares has been determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our results of operations, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

- 64. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of the Equity Shares, independent of our results of operations.***

On listing, the Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on the Equity Shares, independent of our results of operations.

- 65. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

After the completion of the Offer, our Promoter will own, directly and indirectly, a substantial majority of our post-Offer Equity Share capital. Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by our Promoter, or the perception that such a sale may occur may significantly affect the trading price of the Equity Shares.

- 66. *The requirements of being a publicly listed company may strain our resources.***

We are not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not

be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, results of operations and financial condition. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

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

A public company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such 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 your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in our Company would be diluted.

68. *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.*

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. RIBs and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

SECTION III – INTRODUCTION

THE OFFER

The following table summarizes the Offer details:

Offer⁽¹⁾⁽²⁾	Up to [●] Equity Shares aggregating to ₹ [●] million
<i>The Offer consists of:</i>	
(i) Fresh Issue ⁽¹⁾	Up to [●] Equity Shares aggregating to ₹ 12,550.00 million
(ii) Offer for Sale ⁽²⁾	Up to 120,035,800 Equity Shares aggregating to ₹ [●] million
<i>Of which:</i>	
A) QIB Portion⁽³⁾⁽⁴⁾	Not more than [●] Equity Shares
<i>of which:</i>	
Anchor Investor Portion	Not more than [●] Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only (5% of the Net QIB Portion) ⁽⁴⁾	[●] Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not less than [●] Equity Shares
C) Retail Portion	Not less than [●] Equity Shares
Pre-Offer and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	575,450,000 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Utilisation of Net Proceeds	See “ Objects of the Offer ” on page 79 for details regarding the use of proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

- The Offer has been authorized by our Board pursuant to its resolution dated May 24, 2021 and Fresh Issue has been approved by a resolution passed by our Shareholders on June 1, 2021.
- The Selling Shareholders have confirmed that the Offered Shares has been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus and are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. The Selling Shareholders have, severally and not jointly, confirmed and approved the inclusion of their respective portions of the Offered Shares in the Offer for Sale as set out below:

S. No.	Selling Shareholder	Maximum number of Offered Shares	Date of Selling Shareholder's Consent Letter	Date of corporate authorisation/ board resolution
1.	GoI	112,489,000	Letter dated March 26, 2021 read with letter dated May 6, 2021	-
2.	ZMPPL	7,546,800	August 10, 2021	August 10, 2021

- Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws. In the event of under subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue. 100% of the Equity Shares being offered by GoI in the Offer for Sale and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, Equity Shares being offered by ZMPPL in the Offer for Sale will be Allotted under the Offer for Sale. For avoidance of doubt, it is hereby clarified that balance Equity Shares of the Fresh Issue (i.e., 10% of the Fresh Issue) will be offered only once the entire portion of the Offered Shares is Allotted in the Offer. In the event of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in “**Terms of the Offer**” on page 431.
- Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the

aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see “Offer Procedure” on page 439.

Notes:

- (i) In terms of Rule 19(2)(b) of the SCRR, the Equity Shares issued in this Offer shall aggregate to at least 10% of the post-Offer Equity Share capital of our Company (calculated at Offer Price) that will be at least ₹ [●] million.
- (ii) The Offered Shares are eligible to be offered for sale in accordance with Regulation 8 of the SEBI ICDR Regulations. For further information, see “**Capital Structure**” beginning on page 67.
- (iii) Our Company will not receive any proceeds from the Offer for Sale.
- (iv) Allocation to all categories, other than Anchor Investors, if any, and Retail Individual Investors, shall be made on a proportionate basis. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For further information, see “**Offer Procedure**” beginning on page 439.

For details, including grounds for rejection of Bids, refer to “**Offer Structure**” and “**Offer Procedure**” on page 436 and 439 respectively. For details of the terms of the Offer, see “**Terms of the Offer**” on page 431.

SUMMARY FINANCIAL STATEMENTS

*The summary financial statement presented below should be read in conjunction with “**Financial Statements**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 241 and 384, respectively.*

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PARADEEP PHOSPHATES LIMITED
Restated Consolidated Statement of Assets and Liabilities
(All amounts are in rupees million, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	12,251.04	12,126.75	10,233.82
(b) Capital work-in-progress	2,200.60	1,490.44	2,548.14
(c) Intangible assets	11.05	13.58	9.55
(d) Equity accounted investment	27.86	31.23	-
(e) Other income tax assets	124.70	215.06	212.18
(f) Other non-current assets	232.14	174.06	119.13
Total non-current assets	14,847.39	14,051.12	13,122.82
II. Current assets			
(a) Inventories	8,990.53	10,785.38	14,218.22
(b) Financial assets			
(i) Investments	1,220.40	-	-
(ii) Trade receivables	11,555.94	21,489.01	23,421.46
(iii) Cash and cash equivalents	915.25	40.86	187.40
(iv) Bank balances other than (iii) above	16.73	17.32	13.75
(v) Other financial assets	1,959.19	1,436.52	1,264.09
(c) Other current assets	4,723.81	2,280.58	4,046.45
(d) Assets classified as held for sale	2.43	2.46	2.39
Total current assets	29,384.28	36,052.13	43,153.76
Total assets (I+II)	44,231.67	50,103.25	56,276.58
EQUITY AND LIABILITIES			
I. Equity			
(a) Equity share capital	5,754.50	5,754.50	5,754.50
(b) Other equity	12,520.60	10,280.84	9,072.63
Total equity	18,275.10	16,035.34	14,827.13
II. Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,134.11	1,394.22	2,188.80
(ii) Other financial liabilities	1.01	1.51	9.31
(b) Provisions	197.50	270.72	193.96
(c) Deferred tax liabilities (net)	930.14	218.68	264.15
Total non-current liabilities	2,262.76	1,885.13	2,656.22
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	10,616.71	20,790.71	28,348.89
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	62.56	17.21	5.35
- Total outstanding dues of creditors other than micro enterprises and small enterprises	9,332.76	8,044.23	7,074.04
(iii) Other financial liabilities	1,585.46	1,403.76	1,774.77
(b) Other current liabilities	1,263.90	1,031.94	879.39
(c) Provisions	830.15	756.48	675.89
(d) Current tax liabilities	2.27	138.45	34.90
Total current liabilities	23,693.81	32,182.78	38,793.23
Total liabilities	25,956.57	34,067.91	41,449.45
Total equity and liabilities (I+II)	44,231.67	50,103.25	56,276.58

PARADEEP PHOSPHATES LIMITED
Restated Consolidated Statements of Profit and Loss
(All amounts are in rupees million, unless otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
I. Revenue from operations	51,647.34	41,928.65	43,579.12
II. Other income	192.07	349.11	393.01
III. Total income (I+II)	51,839.41	42,277.76	43,972.13
Expenses			
Cost of raw materials consumed	22,651.25	22,101.41	28,476.38
Purchase of traded goods	13,802.01	4,754.08	8,391.09
Changes in inventories of finished goods, stock-in-trade and work in progress	2,258.34	2,585.73	(5,624.49)
Employee benefits expense	1,391.90	1,319.28	1,305.78
Finance costs	1,114.25	1,917.91	1,592.53
Depreciation and amortisation expense	833.28	724.76	700.98
Other expenses	6,121.40	6,570.69	6,614.99
Total expenses (IV)	48,172.43	39,973.86	41,457.26
V. Profit before share of equity accounted investee and tax (III-IV)	3,666.98	2,303.90	2,514.87
VI. Share of net loss of associate accounted for using the equity method (net of tax)	(1.95)	(8.28)	(0.90)
VII. Profit before tax (V-VI)	3,665.03	2,295.62	2,513.97
VIII. Tax expense			
- Current tax	726.80	408.42	552.86
- Income tax expenses/(credit) for the earlier years (net)	(1.34)	(17.84)	16.10
- Deferred tax charge/(credit)	706.89	(27.16)	355.38
Total tax expense	1,432.35	363.42	924.34
IX. Profit for the year (VII-VIII)	2,232.68	1,932.20	1,589.63
X. Other comprehensive income / (loss)			
A Items that will be reclassified to profit or loss			
a) Exchange differences on translation of foreign operations	(1.42)	3.85	-
B. Items that will not be reclassified to profit or loss			
a) Remeasurement gain/(loss) of the defined benefit plans	13.07	(52.41)	(35.55)
b) Income tax on above	(4.57)	18.31	12.42
Total other comprehensive income/(loss) for the year	7.08	(30.25)	(23.13)
XI. Total comprehensive income for the year (IX + X)	2,239.76	1,901.95	1,566.50
Profit for the year attributable to:			
Owners of the Company	2,232.68	1,932.20	1,589.63
Other comprehensive income attributable to:			
Owners of the Company	7.08	(30.25)	(23.13)
Total comprehensive income attributable to:			
Owners of the Company	2,239.76	1,901.95	1,566.50
XII. Earnings per equity share (nominal value of Rs. 10 each)			
Basic [in Rs.]	3.88	3.36	2.76
Diluted [in Rs.]	3.88	3.36	2.76

PARADEEP PHOSPHATES LIMITED
Restated Consolidated Statement of Cash Flows
(All amounts are in rupees million, unless otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flows from operating activities			
Profit before tax	3,665.03	2,295.62	2,513.97
Adjustments for			
Depreciation and amortisation expense	833.28	724.76	700.98
Finance costs	1,015.83	1,826.47	1,512.27
Interest income	(5.59)	(90.28)	(325.27)
Profit on sale of current investments	(2.34)	-	(4.80)
Gain on fair valuation of investments measured at fair value through profit or loss	(0.40)	-	-
Loss on sale / discard of property, plant and equipment (net)	68.99	81.50	104.85
Loss allowance	76.49	74.05	107.96
Bad debts, claims and advances written off	-	1.01	2.18
Unspent liabilities/provision no longer required written back	(35.99)	(34.72)	(31.84)
Foreign exchange fluctuation loss/gain unrealized (net)	240.02	319.20	(368.62)
Share of loss from associate	1.95	8.28	-
Operating cash flow before working capital changes	5,857.27	5,205.89	4,211.68
Changes in working capital			
(Increase)/decrease in inventories	1,794.85	3,432.84	(7,621.21)
(Increase)/decrease in trade receivables, loans and advances and other current assets	9,856.58	1,857.39	(4,376.90)
(Increase)/decrease in financial and other assets	(3,308.32)	2,011.85	(2,767.25)
Increase in trade payables and other current liabilities	1,568.85	374.37	1,602.97
Increase in provisions	13.52	104.95	110.47
Cash generated from/(used in) operating activities	15,782.75	12,987.29	(8,840.24)
Less: Income taxes paid (net of refunds)	(771.27)	(289.93)	(364.24)
Net cash generated from/(used in) operating activities (A)	15,011.48	12,697.36	(9,204.48)
B. Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	1.10	0.94	0.64
Acquisition of property, plant and equipment, including capital work in progress, capital advances and capital creditors	(1,688.33)	(1,390.48)	(1,262.43)
Investments in associate	-	(35.66)	-
Investments in current investments - mutual funds	(7,600.40)	-	-
Proceeds from sale of current investments - mutual funds	6,382.74	-	4.80
Interest received	5.85	14.45	178.85
Proceeds from/(investment in) deposits with maturity of more than three months	5.79	(20.88)	46.36
Net cash used in investing activities (B)	(2,893.25)	(1,431.63)	(1,031.78)
C. Cash flows from financing activities			
Proceeds from non-current borrowings	687.88	-	-
Repayment of non-current borrowings	(987.88)	(692.29)	(590.15)
Proceeds from current borrowings	62,720.08	84,779.21	53,505.08
Repayment of current borrowings	(72,482.56)	(92,717.83)	(40,387.26)
Dividend paid	-	(693.74)	(693.74)
Interest paid	(1,181.36)	(2,087.62)	(1,649.44)
Net cash generated from/(used in) financing activities (C)	(11,243.84)	(11,412.27)	10,184.49
Net increase/(decrease) in cash and cash equivalents (A+B+C)	874.39	(146.54)	(51.77)
Cash and cash equivalents at the beginning of the year	40.86	187.40	239.17
Cash and cash equivalents at the end of the year (refer Note 9(a))	915.25	40.86	187.40

GENERAL INFORMATION

Our Company was incorporated as “Paradeep Phosphates Limited” with effect from December 24, 1981, as a private limited company under the Companies Act, 1956 with a certificate of incorporation dated December 24, 1981 granted by the Registrar of Companies, Odisha at Cuttack (“**RoC**”). Our Company was granted an exemption under Section 620 of the Companies Act, 1956 from using the term ‘private’ as part of its name. Our Company was thereafter converted to a public company pursuant to a special resolution passed by our Shareholders on April 29, 2002. For further details, see “**History and Certain Corporate Matters**” on page 202.

Registration Number: 001020

Corporate Identity Number: U24129OR1981PLC001020

Registered Office

5th floor, Orissa State Handloom Weavers’ Co-operative Building
Pandit J.N. Marg
Bhubaneswar – 751 001, Odisha, India
Tel: +91 674 6666 100/ 6666 138

Corporate Office

3rd Floor, Adventz Centre, 28
Union Street, Off. Cubbon Road
Bangalore, Karnataka 560 001, India
Tel: +91 080 4681 2500

Address of the Registrar of Companies

Our Company is registered with the RoC located at the following address:

Registrar of Companies, Odisha at Cuttack

Ministry of Corporate Affairs
Corporate Bhawan
2nd & 3rd Floor
Plot No-9(P), Sector-1, CDA, Odisha
Cuttack – 753 014
Tel: +91 0671 2362 661

Board of Directors

The following table sets out details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Saroj Kumar Poddar* <i>Designation:</i> Chairman and Non-executive Director	00008654	Poddar Niket, 2, Gurusaday Road, Ballygunge, Kolkata – 700019
Narayanan Suresh Krishnan* <i>Designation:</i> Managing Director and Executive Director	00021965	E-302, Central Park-1, Golf Course Road, Sector-42, Galleria DLF-IV, Gurugram, Haryana – 122009
Soual Mohamed* <i>Designation:</i> Non-executive Director	08684762	LOT LA Coline NR 63, Sidi Maarouf, Casablanca, Morocco
Kiran Dhingra <i>Designation:</i> Independent Director	00425602	H. No. 83-C, Gancim-Batim, PO Goa Velha, Goa – 403108
Marco Phillipus Ardeshir Wadia <i>Designation:</i> Independent Director	00244357	Thakur Nivas, 173, Jamshedji Tata Road, Mumbai – 400020, Maharashtra
Satyananda Mishra <i>Designation:</i> Independent Director	01807198	D-138, Defence Colony, Delhi – 110024
Dipankar Chatterji <i>Designation:</i> Independent Director	00031256	2A, Minto Park Syndicate, 13 D.L. Khan Road, Kolkata – 700 027, West Bengal

* Nominees of ZMPPL

For brief profiles and further details in respect of our Directors, see “*Our Management*” on page 207.

Company Secretary and Compliance Officer

Sachin Patil is our Company Secretary and Compliance Officer. His contact details are as follows:

Sachin Patil

Level-11, UB Towers,
UB City No. 24, Vittal Mallya Road,
Bangalore-560 001

Tel: +91 080 45855561

E-mail: cs.ppl@adventz.com

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

All Issue related grievances, other than of Anchor Investors may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

Axis Capital Limited

1st Floor, Axis House
C-2, Wadia International Centre P.B. Marg
Worli

Mumbai 400 025

Maharashtra, India

Tel: + 91 22 4325 2183

E-mail: ppl.ipo@axiscapital.in

Website: www.axiscapital.co.in

Investor grievance e-mail: complaints@axiscap.in

Contact person: Mr. Ankit Bhatia

SEBI Registration No.: INM000012029

ICICI Securities Limited

ICICI Centre, H.T. Parekh Marg
Churchgate

Mumbai 400 020

Maharashtra, India

Tel: +91 22 2288 2460

E-mail: ppl.ipo@icicisecurities.com

Website: www.icicisecurities.com

Investor grievance e-mail:

customercare@icicisecurities.com

Contact Person: Mr. Rupesh Khant

SEBI Registration No.: INM000011179

JM Financial Limited

7th Floor, Cnergy
Appasaheb Marathe Marg, Prabhadevi

Mumbai 400 025

Maharashtra, India

Tel.: +91 22 6630 3030

E-mail: paradeep.ipo@jmfl.com

Website: www.jmfl.com

Investor grievance e-mail: grievance.ibd@jmfl.com

Contact person: Prachee Dhuri

SEBI Registration No.: INM000010361

SBI Capital Markets Limited

202, Marker Tower 'E'

Cuffe Parade

Mumbai 400 005

Maharashtra, India

Tel: +91 22 2217 8300

E-mail: ppl.ipo@sbicaps.com

Website: www.sbicaps.com

Investor grievance e-mail:

investor.relations@sbicaps.com

Contact person: Karan Savardekar / Gaurav Mittal

SEBI Registration No.: INM000003531

Green Shoe Option

No green shoe option is contemplated under the Offer.

Statement of *inter se* allocation of responsibilities among the Book Running Lead Managers

The responsibilities and co-ordination by the BRLMs for various activities in this Issue are as follows:

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	BRLMs	Axis
2.	Drafting and approval of all statutory advertisement	BRLMs	Axis
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report.	BRLMs	SBICAP
4.	Appointment of Registrar to the Offer, Advertising Agency and Printer to the Offer including co-ordination for their agreements.	BRLMs	SBICAP
5.	Appointment of all other intermediaries and including co-ordination for all other agreements	BRLMs	I-Sec
6.	Preparation of road show presentation and FAQs	BRLMs	JM Financial
7.	International institutional marketing of the Offer, which will cover, <i>inter alia</i> : - Finalizing the list and division of international investors for one-to-one meetings - Finalizing international road show and investor meeting schedules	BRLMs	JM Financial
8.	Domestic institutional marketing of the Offer, which will cover, <i>inter alia</i> : - Finalizing the list and division of domestic investors for one-to-one meetings - Finalizing domestic road show and investor meeting schedules	BRLMs	Axis
9.	Conduct non-institutional marketing of the Offer, which will cover, <i>inter-alia</i> : - Finalising media, marketing and public relations strategy; - Formulating strategies for marketing to Non-Institutional Investors	BRLMs	I-sec
10.	Conduct retail marketing of the Offer, which will cover, <i>inter-alia</i> : - Finalising media, marketing, public relations strategy and publicity budget including list of frequently asked questions at retail road shows - Finalising collection centres - Finalising centres for holding conferences for brokers etc. - Finalising commission structure - Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	BRLMs	SBICAP
11.	Managing anchor book related activities and submission of letters to regulators post completion of anchor allocation, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange.	BRLMs	SBICAP
12.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholders.		JM Financial
13.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity		I-Sec

S. No.	Activity	Responsibility	Coordinator
	such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.		
	Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004.		
	Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI		

Syndicate Members

[●]

Legal Counsel to the Company as to Indian Law

Shardul Amarchand Mangaldas & Co

Amarchand Towers
216, Okhla Industrial Estate Phase III
New Delhi 110 020
India
Tel: +91 11 4159 0700

Legal Counsel to the BRLMs as to Indian Law

Khaitan & Co

Embassy Quest
3rd Floor
45/1 Magrath Road
Bengaluru 560 025
Karnataka, India
Tel: +91 80 4339 7000

International Legal Counsel to the BRLMs

Sidley Austin LLP

Level 31
Six Battery Road
Singapore 049 909
Tel: +65 6230 3900

Registrar to the Issue

Link Intime India Private Limited

C-101, 1st Floor, 247, Lal Bahadur Shastri Marg,
Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200

E-mail: ppl.ipo@linkintime.co.in

Investor grievance e-mail: ppl.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Ms. Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

Escrow Collection Bank

[●]

Public Offer Account Bank

[•]

Refund Bank

[•]

Sponsor Bank

[•]

Self Certified Syndicate Banks

The list of SCSBs is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> on the website of SEBI, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which a Bidder (other than an Anchor Investor), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> on the SEBI website, and at such other websites as may be prescribed by SEBI from time to time.

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) respectively, as updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and at the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. The list comprising the details of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time.

Statutory Auditors of our Company

B S R & Co. LLP

Chartered Accountants

Godrej Waterside, Unit No. 603

6th Floor, Tower 1

Plot No. 6, Block – DP

Sector V, Salt Lake, Kolkata

West Bengal – 700 091

Tel: +91 33 44004185

E-mail: jayanta@bsraffiliates.com

Peer Review Certificate No.: 011748

Firm Registration No.: 101248W/W-100022

Changes in auditors

There has been no change in the statutory auditors of the Company during the last three years.

Bankers to our Company

Axis Bank Limited

Archbishop House, Satya Nagar
Bhubaneswar 751007, Dist. – Khordha, Odisha

Tel: +0674 2571834

Contact person: Pramod Kumar Dash

E-mail: ccsuhead.bhubaneswar@axisbank.com

Website: www.axisbank.com

Bank of India

Jayadev Vihar Branch, Star House
1/1D, Jayadev Vihar, Nayapalli
Bhubaneswar 751015, Odisha

Tel: +0674 2532421

Contact person: Pradipta Ranjan Ray

E-mail: jayadevvihar.bhubaneswar@bankofindia.co.in

Website: www.bankofindia.co.in

Canara Bank

B-61, 1st Floor

Sahed Nagar

Bhubaneswar 751007, Odisha

Tel: +91 7605009053

Contact person: Kshyama Parida

E-mail: cb7026@canarabank.com

Website: www.canarabank.com

DBS Bank India Limited

4A, Nandalal Basu Sarani
Kolkata 700071, West Bengal

Tel: +033 66218801

Contact person: Jitesh Saboo

E-mail: jiteshsaboo@dbb.com

Website: www.dbs.com

ICICI Bank Limited

ICICI Bank House, 3A

Gurusaday Road

Kolkata 700019, West Bengal

Tel: +91 33 44248545

Contact person: Kushal Agarwal

E-mail: kushal.agarwal@icicibank.com

Website: www.icicibank.com

State Bank of India

Commercial Branch, IDCOL House

Ashok Nagar, Unit-2

Bhubaneswar 751009, Odisha

Tel: +0674 2532421

Contact person: S.K. Sahoo

E-mail: sbi.06657@sbi.co.in

Website: www.sbi.co.in

IPO Grading

No credit rating agency registered with SEBI has been appointed for grading of the Offer.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Monitoring Agency

Our Company will appoint a monitoring agency to monitor utilization of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus.

Expert

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated August 12, 2021 from the Statutory Auditor, namely B S R & Co. LLP to include its name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Red Herring Prospectus as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated August 10, 2021 on our Restated Consolidated Financial Information; (ii) its report dated August 12, 2021 on the statement of special tax benefits; and (iii) its report dated August 10, 2021 on the Unaudited Pro Forma Condensed Combined Financial Information, in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Further, our Company has also received written consent by way of, (i) a certificate dated August 9, 2021 from Er. Ananta V.P. Moio, Chartered Engineers; and (ii) a certificate dated July 31, 2021 from SZB Engineering Consultants Pvt. Ltd, Chartered Engineers to include their names as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Red Herring Prospectus as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in their capacity as independent chartered engineers. The term “experts” and consent thereof does not represent an expert or consent within the meaning under the U.S. Securities Act.

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been filed electronically with SEBI at cfddil@sebi.gov.in in accordance with SEBI circular dated March 27, 2020, in relation to “Easing of Operational Procedure – Division of Issues and Listing –CFD”; and will be filed with SEBI’s electronic platform at <https://siportal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and Regulation 25(8) of the SEBI ICDR Regulations.

The Red Herring Prospectus and Prospectus will be filed, along with the material contracts and documents referred to in the Red Herring Prospectus at:

Registrar of Companies, Odisha at Cuttack

Ministry of Corporate Affairs
Corporate Bhawan
2nd & 3rd Floor
Plot No-9(P), Sector-1, CDA, Odisha
Cuttack – 753 014

Book Building Process

Book building, in the context of the Issue, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms within the Price Band. The Price Band will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated

Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Odia daily newspaper, Odia being the regional language of Odisha where our Registered Office is located) at least two Working Days prior to the Bid/ Issue Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs after the Bid/Issue Closing Date.

All Investors (other than Anchor Investors) can participate in this Issue only through the ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process.

In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/ Issue Period and withdraw their Bid(s) until the Bid/ Issue Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to Retail Individual Investors and the Anchor Investors, allocation in the Issue will be on a proportionate basis. For further details on method and process of Bidding, see “Offer Structure” and “Offer Procedure” on pages 436 and 439, respectively.

The Book Building Process is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Investors should note the Issue is also subject to obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares but prior to the filing of the Prospectus with the RoC, our Company will enter into an underwriting agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

Name, address, telephone and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and will be finalised after the pricing and actual allocation and subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus, is set forth below.

(in ₹, except share data)		
Particulars	Aggregate nominal value	Aggregate value at Offer Price
A) AUTHORIZED SHARE CAPITAL⁽¹⁾		
900,000,000 Equity Shares of face value of ₹ 10 each	9,000,000,000	-
10,000,000 7% preference shares of face value of ₹ 100 each	1,000,000,000	-
B) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER		
575,450,000 Equity Shares of face value of ₹ 10 each	5,754,500,000	[●]
C) OFFER		
Offer of [●] Equity Shares aggregating ₹ [●] million	[●]	[●]
Of which:		
Fresh Issue of [●] Equity Shares aggregating up to ₹ 12,550.00 million ⁽²⁾	[●]	[●]
Offer for Sale of up to 120,035,800 Equity Shares aggregating ₹ [●] million ⁽³⁾	[●]	[●]
D) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER		
[●] Equity Shares of face value of ₹ 10 each	[●]	[●]
E) SECURITIES PREMIUM ACCOUNT		
Prior to the Offer (as on the date of this Draft Red Herring Prospectus)		-
After the Offer		[●]

⁽¹⁾ For details in relation to changes in the authorized share capital of our Company, see “History and Certain Corporate Matters – Amendments to the Memorandum of Association” on page 202.

⁽²⁾ The Offer has been authorized by our Board pursuant to its resolution dated May 24, 2021 and by a resolution passed by our Shareholders on June 1, 2021.

⁽³⁾ The Selling Shareholders have authorized the sale of the Offered Shares. For details, see “The Offer” and “Other Regulatory and Statutory Disclosures” on pages 53 and 419, respectively.

Notes to Capital Structure

1. Equity Share Capital History of our Company

The following table sets forth the history of the equity share capital of our Company.

Date of allotment	Name(s) of allottee(s)	Reason / nature of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
December 23, 1981	2 equity shares to S.M. Kelkar ⁽¹⁾ 2 equity shares to V. Kumar ⁽¹⁾ 1 equity shares to Sebastian Jacob ⁽¹⁾	Initial subscribers to the MOA	5	1,000	1,000	Cash
April 26, 1982	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	9,995	1,000	1,000	Cash
August 5, 1982	23,500 equity shares to the President of India, through Ministry of Chemicals and Fertilizers, GoI 12,800 equity shares to Government of Nauru	Preferential allotment	36,300	1,000	1,000	Cash
November 16, 1982	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	101,500	1,000	1,000	Cash
December 7, 1982	Government of Nauru	Preferential allotment	76,900	1,000	1,000	Cash
February 11, 1983	76,350 equity shares to the President of India, through Ministry of Chemicals and Fertilizers, GoI 51,200 equity shares to Government of Nauru	Preferential allotment	127,550	1,000	1,000	Cash

Date of allotment	Name(s) of allottee(s)	Reason / nature of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
June 10, 1983	53,648 equity shares to the President of India, through Ministry of Chemicals and Fertilizers, GoI 1 equity shares to Rahul Sarin ⁽¹⁾ 1 equity shares to R. Ramanathan ⁽¹⁾	Preferential allotment	53,650	1,000	1,000	Cash
September 14, 1983	35,746 equity shares to Government of Nauru 2 equity shares to Bhagwan Singh ⁽¹⁾ 2 equity shares to H.E. Hamer DeRoburt ⁽¹⁾	Preferential allotment	35,750	1,000	1,000	Cash
January 11, 1984	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	150,000	1,000	1,000	Cash
May 10, 1984	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	200,000	1,000	1,000	Cash
September 3, 1984	148,440 equity shares to Government of Nauru 60,000 equity shares to the President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	208,440	1,000	1,000	Cash
October 26, 1984	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	120,000	1,000	1,000	Cash
June 14, 1985	Government of Nauru	Preferential allotment	79,000	1,000	1,000	Cash
March 17, 1987	Government of Nauru	Preferential allotment	910	1,000	1,000	Cash
March 31, 1994	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	900,000	1,000	1,000	Cash
June 13, 1994	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	40,000	1,000	1,000	Cash
June 17, 1999	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	50,000	1,000	1,000	Cash
August 30, 2000	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	50,000	1,000	1,000	Cash
February 24, 2001	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	45,000	1,000	1,000	Cash
June 26, 2001	President of India, through Ministry of Chemicals and Fertilizers, GoI	Preferential allotment	15,000	1,000	1,000	Cash
February 4, 2002	President of India, through Ministry of Chemicals and Fertilizers, GoI	Allotment of equity shares pursuant to conversion of outstanding loan into equity share capital ⁽²⁾	850,000	1,000	-	Other than cash
February 11, 2002	President of India, through Ministry of Chemicals and Fertilizers, GoI	Allotment of equity shares pursuant to conversion of preference share	1,176,500	1,000	-	Other than cash

Date of allotment	Name(s) of allottee(s)	Reason / nature of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
		capital equity capital ⁽³⁾ into share				
September 30, 2002 ⁽⁵⁾	ZMPPL	Rights issue ⁽⁴⁾	357,000	1,000	1,000	Cash
November 28, 2003 ⁽⁶⁾	ZMPPL	Rights issue ⁽⁴⁾	1,071,000	1,000	1,000	Cash

Pursuant to a resolution passed by the Shareholders in the EGM held on June 1, 2021, each equity share of our Company of face value of ₹ 1000 each was split into 100 Equity Shares of ₹ 10 each. Therefore, an aggregate of 5,754,500 issued and paid-up equity shares of face value of ₹ 1,000 each were split into 575,450,000 Equity Shares of face value of ₹ 10 each.

* The Form 2 filings made by our Company with the RoC in relation to each of the allotments as per the table above are not traceable in our records. We have engaged Sunita Mohanty & Associates (“SMA”) to conduct a physical inspection of the form filings made by our Company with the Registrar of Companies (“Inspection”). Pursuant to the Inspection, SMA has issued a certificate dated August 12, 2021, confirming that, i) the Form 2 filings, along with the relevant attachments including approvals obtained from the statutory authorities, where applicable, in relation to each of the allotments of equity shares prior to June 17, 1999 are untraceable; and ii) the Form 2 filings in relation to each of the allotments of equity shares on and after June 17, 1999 are available at the office of the Registrar of Companies. For details, see “Risk Factors - We have been unable to locate certain of our historical corporate records.” on page 41.

The Board passed a resolution dated April 26, 1982 for allotment of the equity shares of our Company to the initial subscribers of the MOA. Note:

- (1) Each of these allotments have been made to nominees of the President of India, acting through Ministry of Chemicals and Fertilizers, GoI.
- (2) Our Board approved the conversion of an outstanding amount of ₹ 85 crores availed as a loan from the Government of India into equity share capital of the Company with effect from March 31, 2001, pursuant to the approval of the Government of India, Department of Fertilizers conveyed vide its letter dated January 31, 2002 and a resolution passed by our Board on February 4, 2002. The allotment upon such conversion was made pursuant to a resolution passed by our Board on February 4, 2002.
- (3) Our Board approved the conversion of preference share capital of ₹ 117.65 crore, into equity share capital of the Company with effect from March 31, 2001, pursuant to the approval of the Government of India, Department of Fertilizers conveyed vide its letter dated January 31, 2002 and a resolution passed by our Board on February 4, 2002. The allotment upon such conversion was made pursuant to a resolution passed by our Board on February 11, 2002.
- (4) ZMPPL conveyed its acceptance to subscribe to the rights issue, vide its letter dated August 9, 2002. The Government of India conveyed its no-objection to the rights issue along with its decision to not subscribe to the rights issue, vide its letter dated August 20, 2002.
- (5) The resolution passed by the Committee of the Board for Allotment of Shares on September 30, 2002 was recorded by a resolution passed by our Board on December 18, 2002.
- (6) The resolution passed by the Committee of the Board for Allotment of Shares on November 28, 2003 was recorded by a resolution passed by our Board on December 6, 2003.

2. Shares issued for consideration other than cash

Date of allotment	Name(s) of allottee(s)	Nature of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Benefits to our Company
February 4, 2002	President of India, through Ministry of Chemicals and Fertilizers, GoI	Allotment of equity shares pursuant to conversion of outstanding loan into equity share capital ⁽¹⁾	850,000	1,000	-	Other than cash	-
February 11, 2002	President of India, through Ministry of Chemicals and Fertilizers, GoI	Allotment of equity shares pursuant to conversion of preference share capital into equity	1,176,500	1,000	-	Other than cash	-

share
capital⁽²⁾

Except as stated below, as on date of this Draft Red Herring Prospectus, our Company has not issued any shares for consideration other than cash since its incorporation.

⁽⁷⁾ Our Board approved the conversion of an outstanding amount of ₹ 85 crores availed as a loan from the Government of India into equity share capital of the Company with effect from March 31, 2001, pursuant to the approval of the Government of India, Department of Fertilizers conveyed vide its letter dated January 31, 2002 and a resolution passed by our Board on February 4, 2002. The allotment upon such conversion was made pursuant to a resolution passed by our Board on February 4, 2002.

⁽⁸⁾ Our Board approved the conversion of preference share capital of ₹ 117.65 crore, into equity share capital of the Company with effect from March 31, 2001, pursuant to the approval of the Government of India, Department of Fertilizers conveyed vide its letter dated January 31, 2002 and a resolution passed by our Board on February 4, 2002. The allotment upon such conversion was made pursuant to a resolution passed by our Board on February 11, 2002.

3. Shares issued out of revaluation reserves

As on the date of this Draft Red Herring Prospectus, our Company has not issued any shares out of revaluation reserves since its incorporation.

4. Allotment of shares pursuant to schemes of arrangement

As on the date of this Draft Red Herring Prospectus, our Company has not allotted any shares pursuant to a scheme of amalgamation approved under Section 391 to 394 of the Companies Act 1956 or Sections 230 to 234 of the Companies Act 2013.

5. Issue of Equity Shares under employee stock option schemes

As on the date of this Draft Red Herring Prospectus, our Company has not made any issuance of Equity Shares under any employee stock option scheme.

6. Issue of equity shares at a price lower than the Offer Price

Our Company has not issued any equity shares in the last one year immediately preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price.

7. History of the share capital held by our Promoters

As on the date of this Draft Red Herring Prospectus, our Promoters, ZMPPL and GoI together hold 575,450,000 Equity Shares (including Equity Shares held through joint holders of ZMPPL and nominees of GoI)) constituting 100% of the pre-Offer issued, subscribed and paid-up equity share capital of our Company and our Promoters, ZACL and OCP do not hold any Equity Shares. The details regarding our Promoters' shareholding is set out below:

(a) Build-up of our Promoters' shareholding in our Company

The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the table below.

Date of allotment / transfer	Nature of allotment / acquisition	No. of equity shares allotted/ transferred	Nature of consideration	Face value per equity share (₹)	Issue / purchase price per equity share (₹)	Percentage of pre-Offer equity share capital*	Percentage of post-Offer equity share capital
(A) GoI (including nominees of GoI, where applicable)							
December 23, 1981	Initial subscribers to the MOA ⁽¹⁾	5	Cash	1,000	1,000	Negligible	[●]
April 26, 1982	Preferential allotment	9,995	Cash	1,000	1,000	0.17	[●]
August 5, 1982	Preferential allotment	23,500	Cash	1,000	1,000	0.41	[●]
November 16, 1982	Preferential allotment	101,500	Cash	1,000	1,000	1.76	[●]

Date of allotment / transfer	Nature of allotment / acquisition	No. of equity shares allotted/ transferred	Nature of consideration	Face value per equity share (₹)	Issue / purchase price per equity share (₹)	Percentage of pre-Offer equity share capital*	Percentage of post-Offer equity share capital
February 11, 1983	Preferential allotment	76,350	Cash	1,000	1,000	1.33	[●]
June 10, 1983	Preferential allotment	53,650	Cash	1,000	1,000	0.93	[●]
September 14, 1983	Preferential allotment	4	Cash	1,000	1,000	Negligible	[●]
January 11, 1984	Preferential allotment	150,000	Cash	1,000	1,000	2.61	[●]
May 10, 1984	Preferential allotment	200,000	Cash	1,000	1,000	3.48	[●]
September 3, 1984	Preferential allotment	60,000	Cash	1,000	1,000	1.04	[●]
October 26, 1984	Preferential allotment	120,000	Cash	1,000	1,000	2.09	[●]
March 27, 1989	Transferred to the Government of Narau	(183,000)	Cash	1,000	1,000	(3.18)	[●]
July 2, 1993	Transferred by the Government of Narau	587,996	Cash	1,000	1,000	10.22	[●]
March 31, 1994	Preferential allotment	900,000	Cash	1,000	1,000	15.64	[●]
June 13, 1994	Preferential allotment	40,000	Cash	1,000	1,000	0.70	[●]
June 17, 1999	Preferential allotment	50,000	Cash	1,000	1,000	0.87	[●]
August 30, 2000	Preferential allotment	50,000	Cash	1,000	1,000	0.87	[●]
February 24, 2001	Preferential allotment	45,000	Cash	1,000	1,000	0.78	[●]
June 26, 2001	Preferential allotment	15,000	Cash	1,000	1,000	0.26	[●]
February 4, 2002	Allotment of equity shares pursuant to conversion of outstanding loan into equity share capital ⁽²⁾	850,000	Other than cash	1,000	-	14.77	[●]
February 11, 2002	Allotment of equity shares pursuant to conversion of preference share capital into equity share capital ⁽³⁾	1,176,500	Other than cash	1,000	-	20.44	[●]
February 28, 2002	Transferred to ZMPPL	(2,572,610)	Cash	1,000	473.82	(44.70)	[●]
May 1, 2002	Transferred to ZMPPL	(629,000)	Cash	1,000	473.82	(10.93)	[●]

Date of allotment / transfer	Nature of allotment / acquisition	No. of equity shares allotted/ transferred	Nature of consideration	Face value per equity share (₹)	Issue / purchase price per equity share (₹)	Percentage of pre-Offer equity share capital*	Percentage of post-Offer equity share capital
Pursuant to a resolution passed by the Shareholders in the EGM held on June 1, 2021, each equity share of our Company of face value of ₹ 1000 each was split into 100 Equity Shares of ₹ 10 each. Therefore, an aggregate of 1,124,890 equity shares of face value of ₹ 1000 each held by GoI were split into 112,489,000 Equity Shares of face value of ₹ 10 each.							
(A) Sub-Total		112,489,000**				19.55%	[●]
(B) ZMPPL							
February 28, 2002	Transferred by the President of India, through Ministry of Chemicals and Fertilizers, GoI	2,572,610	Cash	1,000	473.82	4.47	[●]
May 1, 2002	Transferred by the President of India, through Ministry of Chemicals and Fertilizers, GoI	629,000	Cash	1,000	473.82	10.93	[●]
September 30, 2002	Rights issue ⁽⁴⁾	357,000	Cash	1,000	1,000	6.20	[●]
November 28, 2003	Rights issue ⁽⁴⁾	1,071,000	Cash	1,000	1,000	18.61	[●]
Pursuant to a resolution passed by the Shareholders in the EGM held on June 1, 2021, each equity share of our Company of face value of ₹ 1000 each was split into 100 Equity Shares of ₹ 10 each. Therefore, an aggregate of 4,629,610 equity shares of face value of ₹ 1000 each held by ZMPPL were split into 462,961,000 Equity Shares of face value of ₹ 10 each.							
(B) Sub-Total		462,961,000***				80.45%	[●]
(C) ZACL							
NIL							
(D) OCP							
NIL							
Grand Total (A + B+C+D)		575,450,000				100%	[●]

[^] Copies of dematerialised statements and share transfer forms, as applicable in relation to transfer of equity shares to and by our Promoters are not traceable. For details, see “**Risk Factors- We have been unable to locate certain of our historical corporate records.**” on page 41.

* Adjusted for split of equity shares of our Company, as applicable

** 1,100 Equity Shares are held by the nominees of GoI, including 100 Equity Share held by each of Chetram Meena, Aparna Sharma and Partha Sarthi Sen Sharma, and 200 Equity Shares held by each of Raghvendra Singh Yadav, Dharam Pal, Niranjan Lal and Ranjeet Kumar, as nominees of the GoI (“**GoI Nominees**”)

*** 600 Equity Shares are held by the joint holders of ZMPPL, including 100 Equity Share held by each of Narayanan Suresh Krishnan, Manas Ranjan Panda, Prasant Kumar Pradhan, Pranab Kumar Bhattacharyya, Anshuman Mishra and Ashoka Kumar Meher, jointly with ZMPPL, one of our Promoters (“**ZMPPL Joint Holders**”)

Note:

(1) Each of the initial subscribers of the MOA was a nominee of the GoI. For details, see “**-Notes to Capital Structure-Equity Share Capital History of our Company**” above.

(2) Our Board approved the conversion of an outstanding amount of ₹ 85 crores availed as a loan from the Government of India into equity share capital of the Company with effect from March 31, 2001, pursuant to the approval of the Government of India, Department of Fertilizers conveyed vide its letter dated January 31, 2002 and a resolution passed by our Board on February 4, 2002. The allotment upon such conversion was made pursuant to a resolution passed by our Board on February 4, 2002.

(3) Our Board approved the conversion of preference share capital of ₹ 117.65 crore, into equity share capital of the Company with effect from March 31, 2001, pursuant to the approval of the Government of India, Department of Fertilizers conveyed vide its letter dated January 31, 2002 and a resolution passed by our Board on February 4, 2002. The allotment upon such conversion was made pursuant to a resolution passed by our Board on February 11, 2002. indicate the conversion ratio and price of issue of Pref Shares

(4) ZMPPL conveyed its acceptance to subscribe to the rights issue, vide its letter dated August 9, 2002. The Government of India conveyed its no-objection to the rights issue along with its decision to not subscribe to the rights issue, vide its letter dated August 20, 2002.

(b) Equity shareholding of our Promoter Group and directors of our Promoters in our Company

Except as disclosed below, none of the members of our Promoter Group or directors of our Promoters hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.

S. No.	Name of the Shareholder	Pre- Offer		Post- Offer	
		Number of Equity Shares held	Percentage of equity share capital (%)	Number of Equity Shares held	Percentage of equity share capital (%)
1.	Narayanan Suresh Krishnan	100*	Negligible	[●]	[●]

*Jointly held with, and on behalf of ZMPPL, one of our Promoters.

(c) Details of Promoter's contribution locked-in for three years

Pursuant to Regulation 14(1) and Regulation 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer equity share capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("Promoters' Contribution").

Details of the Equity Shares to be locked-in for three years from the date of Allotment as minimum Promoter's Contribution are set forth in the table below.

Name of Promoter	Date of allotment / acquisition	Date of Transaction and when made fully paid-up	Nature of transaction	Face value Per Equity Share (₹)	Issue/ Acquisition on price per Equity Share (₹)	No. of Equity Shares locked-in ⁽¹⁾ *	Nature of consideration	Percentage of the pre-Offer paid-up capital* (%)	Percentage of the post Offer paid-up capital (%)
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total						[●]		[●]	[●]

⁽¹⁾ All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition of such Equity Shares, as the case may be.

Our Promoters have given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer equity share capital of our Company as the Promoters' Contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' Contribution from the date of filing of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

The minimum Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI ICDR Regulations. Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

- The Equity Shares offered for Promoters' Contribution do not include Equity Shares acquired during the three years immediately preceding the date of this Draft Red Herring Prospectus, (a) for consideration other than cash, and where revaluation of assets or capitalisation of intangible assets was involved; or (b) which have resulted from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus issue against Equity Shares, which are otherwise ineligible for computation of promoters' contribution;
- The Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year from the date of this Draft Red Herring Prospectus and at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- Our Company has not been formed by conversion of a partnership firm into a company, and accordingly, the Equity Shares offered for Promoters' Contribution have not been issued on account of the conversion of a partnership firm or a limited liability partnership firm into a company.

- (iv) The Equity Shares forming part of the Promoters' Contribution are not subject to any pledge with any creditor; and
- (v) Except for 1,100 Equity Shares held by the GoI Nominees, all the Equity Shares held by our Promoters are held in dematerialized form as on the date of this Draft Red Herring Prospectus.*

**An exemption application dated August 12, 2021 under Regulation 300(1)(c) of the SEBI ICDR Regulations has been submitted to SEBI seeking an exemption from the requirement to dematerialize 1,100 Equity Shares held by the GoI Nominees prior to the filing of this Draft Red Herring Prospectus, in accordance with the SEBI ICDR Regulations*

8. Other Lock-in requirements

- (i) In addition to Promoters' Contribution locked in for three years as specified above, and pursuant to Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer equity share capital of our Company will be locked in for a period of one year from the date of Allotment, except for the Equity Shares transferred in the Offer;
- (ii) Pursuant to Regulation 22 of the SEBI ICDR Regulations, (a) the Equity Shares held by the Promoters, which are locked-in may be transferred to and among the other Promoters, the members of the Promoter Group or to any new promoters of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable and (b) the Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations;
- (iii) Pursuant to Regulation 21(a) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters, which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans;
- (iv) Pursuant to Regulation 21(b) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans; and
- (v) Any Equity Shares allotted to Anchor Investors pursuant to the Offer under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

9. Our shareholding pattern

Set forth below is the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)		No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+ (X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights (X)	Total as a % of total voting rights			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Total								
(A)	Promoter & Promoter Group [^]	2	575450000*	0	0	575450000*	100	575450000	100	0	100	0	0	0	0	575450000*
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1)	Shares underlying Custodian/Depository Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Shares held by Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	2	575450000*	0	0	575450000*	100	575450000	100	0	100	0	0	0	0	575450000*

* Includes Equity Share held by ZMPPL Joint Holders and GoI Nominees

^aWhile the GoI is one of the Promoters of our Company and will continue to be so until completion of the Offer; please note that the GoI is proposing to sell its entire shareholding in the Company through the Offer for Sale and it has represented that it will cease to be a Promoter of the Company on the listing of the Equity Shares pursuant to the Offer. The Company will take suitable steps to declassify the GoI as a Promoter in accordance with the SEBI Listing Regulations, post listing of the Equity Shares pursuant to the Offer

10. As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares.

11. Shareholding of our Directors and Key Managerial Personnel in our Company

Except as stated below, none of our Directors or Key Managerial Personnel hold any Equity Shares in our Company:

S. No.	Name of the Shareholder	Pre- Offer	
		Number of Equity Shares held	Percentage of equity share capital (%)
1.	Narayan Suresh Krishnan	100*	Negligible
2.	Pranab Kumar Bhattacharyya	100*	Negligible

* Jointly held with ZMPPL, one of our Promoters.

For stock options held by our Directors and Key Managerial Personnel, see “– **Notes to Capital Structure – Employee Stock Option Schemes**” on page 77.

12. Details of shareholding of the major Shareholders of our Company

- (a) As on the date of this Draft Red Herring Prospectus, our Company has 15 Shareholders (including ZMPPL Joint Holder and GoI Nominees).
- (b) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as on date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre- Offer	
		Number of Equity Shares held	Percentage of equity share capital (%)
1.	ZMPPL*	462,961,000	80.45%
2.	The President of India, through Ministry of Chemicals and Fertilizers **	112,489,000	19.55%
Total		575,450,000	100.00%

* Includes 600 Equity Share held by ZMPPL Joint Holders

** Includes 1100 Equity Share held by GoI Nominees

- (c) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of 10 days prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre- Offer	
		Number of Equity Shares held	Percentage of equity share capital (%)
1.	ZMPPL*	462,961,000	80.45%
2.	The President of India, through Ministry of Chemicals and Fertilizers **	112,489,000	19.55%
Total		575,450,000	100.00%

* Includes 1000 Equity Share held by ZMPPL Joint Holders and other joint holders of ZMPPL, i.e., RY Patil, Sunil Sethy, Sailesh Pati and Rashmi Agarwal, each holding 100 Equity Shares each, jointly with ZMPPL.

** Includes Equity Share held by GoI Nominees

- (d) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of one year prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre- Offer	
		Number of equity shares held	Percentage of equity share capital (%)
1.	ZMPPL*	4,629,610	80.45%
2.	The President of India, through Ministry of Chemicals and Fertilizers **	1,124,890	19.55%

S. No.	Name of the Shareholder	Pre- Offer	
		Number of equity shares held	Percentage of equity share capital (%)
Total		5,754,500	100.00%

* Includes equity shares held by joint holders of ZMPPL, at the time

** Includes equity shares held by the nominees of GoI, at the time

- (e) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of two years prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre- Offer	
		Number of equity shares held	Percentage of equity share capital (%)
1.	ZMPPL*	4,629,610	80.45%
2.	The President of India, through Ministry of Chemicals and Fertilizers **	1,124,890	19.55%
Total		5,754,500	100.00%

* Includes equity shares held by joint holders of ZMPPL, at the time

** Includes equity shares held by the nominees of GoI, at the time

13. Employee Stock Option Schemes

Our Company has formulated an employee stock option scheme, namely, PPL Employees Stock Option Plan 2021, (“**ESOP 2021**”). ESOP 2021 was approved pursuant to a Board resolution and Shareholders’ resolution, each dated August 10, 2021.

Our Statutory Auditors have, pursuant to their certificate dated August 12, 2021 confirmed that ESOP 2021 is in compliance with the SEBI (SBEB) Regulations. As on the date of this Draft Red Herring Prospectus, no options have been granted under ESOP 2021.

14. The BRLMs and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus.
15. None of our Promoters, members of the Promoter Group, the directors of our Promoters, our Directors or their relatives have sold or purchased any Equity Shares of our Company during the six months preceding the date of this Draft Red Herring Prospectus.
16. There have been no financing arrangements whereby our Promoters, members of the Promoter Group, the directors of our Promoters, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity, during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
17. Our Company, our Directors and the BRLMs have not entered into any buy-back or other arrangements for purchase of Equity Shares being offered through this Offer from any person.
18. No person connected with the Offer, including our Company, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.
19. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. The Equity Shares to be issued or transferred pursuant to the Offer shall be fully paid-up at the time of Allotment.
20. Our Company has no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
21. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the

Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

22. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or by way of a bonus issue or on a rights basis or further public issue of Equity Shares.
23. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. The BRLMs and any person related to the BRLMs or Syndicate Members cannot apply in the Offer under the Anchor Investor Portion, except for Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLMs.
25. Our Company shall ensure that any transactions in Equity Shares by our Promoters and the Promoter Group during the period between the date of filing this Draft Red Herring Prospectus filed in relation to this Offer and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

OBJECTS OF THE OFFER

The Offer comprises of a Fresh Issue of [●] Equity Shares, aggregating up to ₹ 12,550.00 million by our Company and an Offer for Sale of up to 120,035,800 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders.

The Offer for Sale

The object of the Offer for Sale is to allow the Selling Shareholders to sell up to such number of Equity Shares held by them aggregating up to ₹ [●] million. Our Company will not receive any proceeds from the Offer for Sale. The Selling Shareholders will be entitled to the proceeds of the Offer for Sale, net of its proportion of Offer related expenses and the relevant taxes thereon.

Fresh Issue

The net proceeds of the Fresh Issue, i.e. gross proceeds of the Fresh Issue less the offer expenses apportioned to our Company (“**Net Proceeds**”) are proposed to be utilised in the following manner:

- Part-financing the acquisition of the Goa Facility;
- Repayment/prepayment of certain of our borrowings; and
- General corporate purposes.

In addition, our Company expects to achieve the benefit of listing of our Equity Shares on the Stock Exchanges.

The main objects and the objects incidental and ancillary to the main objects of our Memorandum of Association enable our Company to undertake the activities for which the funds are being raised in the Offer.

Net Proceeds

The details of the proceeds of the Offer are summarized in the table below.

(₹ in million)		
S. No	Particulars	Amount
(a)	Gross proceeds of the Fresh Issue	Up to 12,550.00
(b)	Less: Offer Expenses (only those apportioned to our Company) ⁽¹⁾	[●] ⁽²⁾
(c)	Net Proceeds	[●]⁽²⁾

⁽¹⁾ See “- Offer Related Expenses” below.

⁽²⁾ To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the table below.

(₹ in million)	
Particulars	Amount
Part-financing the acquisition of the Goa Facility	6,420.00
Repayment/prepayment of certain of our borrowings	3,000.00
General corporate purposes ⁽¹⁾	[●]
Total	[●]

⁽¹⁾ To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below.

(₹ in million)			
S. No	Particulars	Amount to be funded from the Net Proceeds	Estimated utilization in Fiscal 2022
1.	Part-financing the acquisition of the Goa Facility	6,420.00	6,420.00

S. No	Particulars	Amount to be funded from the Net Proceeds	Estimated utilization in Fiscal 2022
2.	Repayment/prepayment of certain of our borrowings	3,000.00	3,000.00
3.	General corporate purposes ⁽¹⁾	[●]	[●]
	Total⁽²⁾	[●]	[●]

⁽¹⁾ The amount utilised for general corporate purposes shall not exceed 25.00% of the gross proceeds of the Fresh Issue.

⁽²⁾ To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

Our proposed deployment of the Net Proceeds towards part-financing the acquisition of the Goa Facility is based on valuation undertaken by an independent registered valuer (registered with the Insolvency and Bankruptcy Board of India in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017) and management estimates. Our proposed deployments of the Net Proceeds towards repayment/prepayment of certain of our borrowings and general corporate purposes are as per our business plan based on current market conditions and management estimates. In the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws. This may entail rescheduling and revising the planned deployments and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management, subject to compliance with applicable law.

In case of any increase in the actual utilisation of funds earmarked for the purposes set forth above or a shortfall in raising requisite capital from the Net Proceeds, such additional funds for a particular activity will be met by way of means available to us, including by way of incremental debt or internal accruals or from the Net Proceeds identified towards general corporate. If the actual utilisation towards any of the objects is lower than the proposed deployment, such balance may be utilized towards future growth opportunities and/or general corporate purposes, to the extent that the total amount to be utilized towards general corporate purpose shall not exceed 25% of the gross proceeds from the Fresh Issue in accordance with applicable law.

Details of the Objects

I. Part financing of the acquisition of the Goa Facility

With a view to (i) increasing the size of our Company, with a product portfolio comprising both Phosphatic and Nitrogenous fertilizers; and (ii) accessing the markets serviced by, and accessing the products and brand offered by ZACL, we entered into a business transfer agreement (“BTA”) dated March 1, 2021 with ZACL for the purchase of its fertilizer plant in Goa (the “Goa Facility”) (the “Goa Transaction”) as a going concern on a slump sale basis, for a total consideration equal to the Enterprise Value equivalent subject to certain necessary adjustments as specified in the BTA and further subject to certain customary conditions precedent. Such BTA has been further amended by the Addendum to the Business Transfer Agreement dated July 30, 2021 (“BTA Addendum”). The Goa Transaction will complete on completion of this Offer and payment of the consideration from the Net Proceeds of the Fresh Issue, and upon such completion, we will acquire the business of manufacturing, distributing and/or trading of DAP, Urea, NPK and MOP products, each of which is currently being carried out at the Goa Facility.

The Goa Facility is engaged in manufacturing, distribution and sales of various fertilizers such as DAP, Urea (JK Urea) and several grades of NPK, namely Samarth (NPK-10), Sampatti (NPK-12), Soubhagya (NPK-14), Sampurna (NPK-19) and Uramphos (NPK-28). The Goa Facility is also engaged in the trading of DAP and MOP. This facility is strategically located close to the Mormugao port and includes two NPK production plants (NPK A and NPK B), an Ammonia production plant and a Urea production plant. As of March 31, 2021, the total annual fertilizer capacity of the Goa plant is 1.2 million MT per annum, with a breakup of 0.4 million MT per annum of urea and 0.8 million MT per annum of phosphates. In addition, the plant also manufactures about 0.23 million MT per annum of ammonia, which is largely utilized in the production of urea. The Goa Facility also has a captive power plant, a railway siding, infrastructure to store raw material and finished goods and a bagging plant. Raw materials are imported and handled at the Mormugao port, where the Goa Facility has unloading and storage facilities, and subsequently transferred to the factory site by road tankers or trucks. For the Financial Years 2021, 2020 and 2019, the Goa Facility has transported approximately 90% of its finished products through rail wagons from its dedicated railway siding and the rest by road tankers. For further details about the Goa Facility and our proposed acquisition, see “History and Other Corporate Matters- Details regarding material acquisitions or

divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years”, “The Goa Facility” and “Government and other Approvals – II. Approvals in relation to acquisition of the Goa Facility from ZACL” on pages 204, 159 and 416.

Our Company intends to utilise ₹ 6,420.00 million from the Net Proceeds towards part financing the acquisition of the Goa Facility.

Valuation, adjustments and computation of purchase consideration

The Goa Facility has been valued by Mr. Ramandeep Singh Arora, an independent registered valuer (registered with the Insolvency and Bankruptcy Board of India in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017 and having registration number IBBI/RV/06/2018/10487) and pursuant to his valuation report dated February 3, 2021 which was submitted to the Board of Directors on February 13, 2021, the enterprise value of the Goa Facility using discounted cash flow methodology of valuation is ₹ 21,180 million as on March 31, 2020. Post such valuation, our Company and the seller, ZACL had engaged in detailed discussion on the valuation of the Goa Facility and the maximum enterprise value of the Goa Facility as agreed between the two parties was USD 280 million, for the Goa Facility and associated businesses, subject to confirmatory due diligence.

Post such discussion and due diligence, the final enterprise value of the Goa Facility as agreed in the BTA is USD 280 million, equivalent to ₹ 20,523 million as per the terms of BTA. However, such enterprise value is subject to a number of adjustments for determining the final consideration to be paid by our Company to ZACL (“**Purchase Consideration**”).

As per the BTA, the Purchase Consideration is to be computed in the manner set forth below.

The following adjustment estimates are to be added to the enterprise value: (i) estimated additional capital expenditure; (ii) estimated cash-like items; (iii) estimated cash; (iv) the difference between estimated working capital and target working capital, if the estimated working capital exceeds target working capital. Further, the following adjustment estimates are to be subtracted from the enterprise value: (i) estimated debt-like items; (ii) estimated debt; (iii) the difference between target working capital and estimated working capital, if the target working capital exceeds estimated working capital. It may be noted that for the computation of the Purchase Consideration, the estimated cash-like items, estimated debt-like items, estimated working capital, estimated cash, estimated debt are to be calculated based on a date which would be at least two months or such day as maybe mutually agreed between the parties, prior to the completion date in accordance with the BTA. Completion date refers to the date on which sale and purchase of the Goa Facility is complete after assignment and assumption of the assumed liabilities for such transfer of the Goa Facility and after satisfaction or waiver of the conditions precedent as per the terms of the BTA.

Further, the Purchase Consideration is also subject to certain adjustments after the completion date. The difference between (i) the closing additional capital expenditure and the estimated additional capital expenditure, (ii) the closing cash-like items and the estimated cash-like items, (iii) the closing cash and the estimated cash, (iv) the closing debt-like items and the estimated debt-like items, (v) the closing debt and the estimated debt, (vi) the closing working capital and estimated working capital as well are to be adjusted for the computation of the Purchase Consideration as at the completion date.

Pursuant to the BTA Addendum and the resolutions passed by ZACL and our Company on August 6, 2021 and August 6, 2021, respectively, all outstanding amounts under the working capital facility agreement in relation to any fund-based facility will be repaid and settled by ZACL prior to or on completion date, and ZACL is required to deposit sufficient funds with the relevant members of the lenders consortium to settle any non-fund based facility availed under the working capital facility agreement for the Goa Facility.

Set forth below is an indicative computation of the estimated Purchase Consideration along with the adjustments referred above.

					(₹ in million)
Sl. No.	Particulars	Amount as on March 31, 2020*	Amount as on March 31, 2021*	Amount as on June 30, 2021#	
	Enterprise value	20,523.00	20,523.00	20,523.00	
	Addition:				

Sl. No.	Particulars	Amount as on March 31, 2020*	Amount as on March 31, 2021*	Amount as on June 30, 2021#
(i)	estimated additional capital expenditure	691.00	703.33	703.00
(ii)	estimated cash-like items	3,165.00	1,013.75	1,012.00
(iii)	estimated cash	Nil	Nil	Nil
(iv)	estimated working capital	4,299.00	1,014.15	(655.00)
Subtraction:				
(i)	estimated debt-like items	(10,087.00)	(9,901.12)	(8,793.00)
(ii)	estimated debt	(858.00)	(163.51)	(150.00)
(iii)	target working capital	(4,977.00)	(4,977.00)	(4,977.00)
Estimated Purchase Consideration		12,757.00	8,212.60	7,663.00

* Based on certificate dated August 12, 2021 from J. C. Bhalla & Co., independent chartered accountants

Based on management estimates of ZACL and certificate dated August 12, 2021 from J. C. Bhalla & Co., independent chartered accountants

Statutory auditors of Goa Facility have provided no assurance or services related to any prospective financial information.

Additions: The additions to be made to the enterprise value for computing the purchase consideration refers to: (i) estimated additional capital expenditure; (ii) estimated cash-like items; (iii) estimated cash; and (iv) estimated working capital.

- (i) Estimated additional capital expenditure – This refers to certain necessary capital expenditures undertaken by the seller ZACL for the Goa Facility (i.e., capital expenditure incurred to energy saving project, allocated engineering services and other capital expenditure) which were agreed to by our Company and deemed as necessary for the efficient and environmentally sustainable running of the Goa Facility going forward.
- (ii) Estimated cash-like items – The estimated cash-like items include claims receivables, loan in the form of special banking arrangement which is secured with the subsidy receivables from the Government of India wherein the entire interest is borne by the Government of India, lease liabilities, subsidy receivables pertaining to previous years and over-funded portion of gratuity in the books of accounts.
- (iii) Estimated cash – Parties will mutually discuss and agree on the completion date on cash to be transferred, if any. However, based on the management estimates of ZACL and certificate dated August 12, 2021 from J. C. Bhalla & Co., independent chartered accountants, there will be no estimated cash to be transferred.
- (iv) Estimated working capital – The other addition to be made to the enterprise value refers to actual net working capital as on the date of closing. Net working capital refers to the difference between current assets and current liabilities. Given that the Goa Facility is being acquired by our Company as a ‘going concern’, certain net working capital will always remain within the operations and its value has been agreed to be added to the consideration amount.

Subtractions: The subtractions to be made from the enterprise value for computing the purchase consideration refers to: (i) estimated debt-like items; (ii) estimated debt; and (iii) target working capital.

- (i) Estimated debt-like items – The estimated debt-like items refer to certain trade payables by ZACL with respect to the operations of the Goa Facility including payables which have been due for over 180 days and interest thereon.
- (ii) Estimated debt – The estimated debt refers to loan under special banking arrangement, vehicle loans, lease liabilities and current maturity amounts.
- (iii) Target working capital – The other subtraction to be made from the enterprise value is the target net working capital agreed in the Enterprise Value of the Goa Facility. This target working capital refers to the optimal net working capital required for running the operations of the Goa Facility.

Please note that the adjustments to be made to the enterprise value for computation of the Purchase Consideration disclosed as on March 31, 2020, March 31, 2021 and June 30, 2021 in the table above are indicative in nature. However, the exact quantum of the adjustments to the enterprise value will be computed as on the completion date, subsequent to listing and trading of shares pursuant to the Offer, subject to completion of conditions precedent as per the BTA.

Means of finance

Our Company proposes to utilise ₹ 6,420.00 million from the Net Proceeds towards part financing the acquisition of the Goa Facility. The remaining consideration will be funded from the internal accruals of the Company and may be paid in advance prior to the closing of the Goa Transaction and in between the date of this Draft Red Herring Prospectus and the date of the Red Herring Prospectus. Given the entire Purchase Consideration of ₹ 7,663.00 million would be funded either from the Net Proceeds of the Offer or from the internal accruals of the Company, there is no requirement of firm arrangements of finance to be made through verifiable means towards at least 75% of the stated means of finance and our Company is in compliance with the requirements prescribed under Regulation 7(1)(e) of the SEBI ICDR Regulations.

As per the certificate dated August 12, 2021 issued by J. C. Bhalla & Co., independent chartered accountants, the internal accruals of the Company as on July 31, 2021 was ₹ 1,809.75 million which includes investments in mutual fund (at cost) and cash and bank balances available to the Company as on July 31, 2021 which exceeds the remaining consideration of ₹ 1,243.00 million assuming the Purchase Consideration as on June 30, 2021.

Prior regulatory and corporate approvals for the Goa Transaction

The following corporate and regulatory approvals have been obtained for the Goa Transaction:

- In-principle approval dated June 19, 2020 passed by the board of directors of ZACL approving the sale of the Goa Facility on a going concern basis to our Company;
- Final approvals dated February 22, 2021 and April 7, 2021 passed by the board of directors and shareholders of ZACL, respectively, in relation to the sale of the Goa Facility on a going concern basis to our Company;
- Approvals dated February 11, 2021, February 11, 2021 and June 1, 2021 passed by the Audit Committee, the Board of Directors and the shareholders of our Company, respectively, in relation to the purchase of the Goa Facility on a going concern basis from ZACL;
- Approval dated June 24, 2021 from the Competition Commission of India in relation to acquisition of the Goa Facility on a going concern basis by our Company.

The BTA also provides for certain conditions precedent including obtaining consent from contracting parties as well as lenders and suppliers of ZACL which will be obtained at or prior to completion date of the Goa Transaction.

Details of the form of investment, i.e., equity, debt or any other instrument

Since this is an acquisition of the Goa Facility on a slump sale basis, no equity will be issued or debt instruments will be acquired by the Company and the Purchase Consideration for the acquisition will be paid by cash subject to adjustments specified above.

For further details about the Goa Facility including the benefits that will accrue to our Company pursuant to this acquisition, see “**Goa Facility**” on page 159. Also see “**Special Purpose Carve-out Financial Statements**” which includes the special purpose carve-out financial statements as of and for the Financial Years ended March 31, 2021, 2020 and 2019, including the related annexures, that have been prepared in connection with the Goa Transaction and this Offer and “**Unaudited Pro Forma Condensed Combined Financial Information**” on pages 302 and 290, respectively.

II. Repayment/prepayment of certain borrowings of our Company

Our Company has entered into certain financial arrangements with banks and financial institutions. The loan facilities entered into by our Company include borrowing in the form of, *inter alia*, term loans and working capital facilities (fund based and non-fund based). For further details, see “**Financial Indebtedness**” on page 381. As on June 30, 2021, the aggregate outstanding borrowings of our Company is ₹ 14,191.91 million.

Our Company proposes to utilise an estimated amount of ₹ 3,000.00 million from the Net Proceeds towards repayment/ prepayment, of all or a portion of certain borrowings availed by our Company. The repayment/ prepayment, will help reduce our outstanding indebtedness, assist us in maintaining a favourable debt-equity ratio and enable utilisation of some additional amount from our internal accruals for further investment in business

growth and expansion. In addition, we believe that since our debt-equity ratio will improve significantly, it will enable us to raise further resources at competitive rates and additional funds / capital in the future to fund potential business development opportunities and plans to grow and expand our business in the future. Our Company may choose to repay/ prepay certain borrowings availed by our Company, other than those identified in the table below, which may include additional borrowings availed after the filing of this Draft Red Herring Prospectus. Given the nature of these borrowings and the terms of repayment/prepayment, the aggregate outstanding borrowing amounts may vary from time to time. Further, the amounts outstanding under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits. However, the aggregate amount to be utilised from the Net Proceeds towards repayment/ prepayment of certain borrowings, in part or in full, would not exceed ₹ 3,000.00 million.

Our Company has, through first supplemental working capital consortium agreement dated August 13, 2019 and sanction letters issued by the consortium banks, each as amended ("**Loan Documentation**"), availed working capital facilities from, among others, State Bank of India, Canara Bank and ICICI Bank Limited ("**Lenders**"). In accordance with the Loan Documentation, our Company is also entitled to avail credit line facilities from the Lenders ("**Credit Line Facilities**"). Pursuant to the terms of the Credit Line Facilities, our Company is entitled to avail supplier's credit facilities to finance our Company's import/export working capital requirements for a certain amount to pay the suppliers of the Company based out of India. Further to the Credit Line Facilities, the said amount is repaid by the Lenders to the supplier's bank, and our Company later repays the amount to the Lenders.

The following table sets forth details of certain of these supplier's credit facilities availed by our Company, out of which our Company may repay/prepay, all or a portion of, any or all of the supplier's credit facilities. There is no pre-payment penalty applicable to these supplier's credit facilities.

Name of supplier's credit bank	Sanctioned Amount (US\$ in million)	Amount disbursed (US\$ in million)	Nature of loan	Date of last approved/revised sanction letter	Outstanding Amount as per books of accounts as at June 30, 2021 (in ₹ million)*	Outstanding Amount as confirmed (US\$ in million)	Purpose for which loan is utilised as per sanction letter
State Bank of India, London	7.97	7.97	Working Capital borrowing	May 26, 2021	592.21	7.97	Supplier's credit obtained against letter of credit issued for purchase of raw materials
State Bank of India, Chicago	2.52	2.52	Working Capital Loan	June 1, 2021	187.45	2.52	Supplier's credit obtained against letter of credit issued for purchase of raw materials
State Bank of India, Chicago	4.09	4.09	Working Capital Loan	June 2, 2021	303.69	4.09	Supplier's credit obtained against letter of credit issued for purchase of raw materials
State Bank of India, Los Angeles	7.24	7.24	Working Capital Loan	June 9, 2021	537.98	7.24	Supplier's credit obtained against letter of credit issued for purchase of raw materials
State Bank of India, New York	9.48	9.48	Working Capital Loan	June 21, 2021	704.63	9.48	Supplier's credit obtained against letter of credit issued for purchase of raw materials
State Bank of India, Chicago	5.88	5.88	Working Capital Loan	June 15, 2021	437.40	5.88	Supplier's credit obtained against letter of credit issued for purchase of raw materials
State Bank of India, New York	4.58	4.58	Working Capital Loan	June 16, 2021	340.74	4.58	Supplier's credit obtained against letter of credit issued for purchase of raw materials

*Exchange rate: Revalued at closing rate of ₹ 74.33 per US\$ as at 30 June 2021

Pursuant to a report dated August 12, 2021 issued by B S R & Co. LLP, Chartered Accountants, the statutory auditors of our Company, they have reported that the amounts drawn-down under the aforementioned borrowings have been utilised towards the purpose for which such borrowings have been sanctioned as per the procedures performed by them detailed in their report.

The selection of borrowings proposed to be repaid/ prepaid out of the borrowings provided above, shall be based on various factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan. Payment of interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the Net Proceeds of the Offer.

In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are repaid/prepaid, refinanced or further drawn-down prior to the completion of the Offer, we may utilise Net Proceeds of the Offer towards repayment / prepayment of such additional indebtedness availed by us. In the event our Board deems appropriate, the amount allocated for estimated schedule of deployment of Net Proceeds in Fiscal 2022 may be repaid/ prepaid in part or full by our Company in Fiscal 2023.

III. General corporate purposes

The Net Proceeds will first be utilized for the objects as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds towards our general corporate purposes, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of gross proceeds of the Fresh Issue, in compliance with the SEBI ICDR Regulations.

Such general corporate purposes may include, but are not restricted to, the following:

- funding any shortfall in the financing of the acquisition of the Goa Facility;
- funding growth opportunities, including acquisitions;
- servicing our repayment obligations (principal and interest) under our future financing arrangements;
- capital expenditure, including towards development/refurbishment/renovation of our assets;
- meeting ongoing general corporate purposes or contingencies; and/or
- strategic initiatives.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of the Board, shall have the flexibility in utilizing surplus amounts, if any.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, selling commission and brokerage, fees payable to the BRLMs, fees payable to legal counsel, fees payable to the Registrar to the Offer, Escrow Collection Bank(s) and Sponsor Bank to the Offer, processing fee to the SCSBs for processing application forms, brokerage and selling commission payable to members of the Syndicate, Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Except for (i) listing fees and stamp duty payable on issue of Equity Shares pursuant to Fresh Issue which shall be borne solely by the Company; and (ii) the stamp duty payable on transfer of Offered Shares which shall be borne solely by ZMPPL, as a selling shareholder, all Offer expenses will be shared, between our Company and ZMPPL, as a selling shareholder, on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale, respectively, as mutually agreed and in accordance with applicable law. Any expenses paid by our Company on behalf of the Selling Shareholders in the first instance will be reimbursed to our Company by ZMPPL, as a selling shareholder, upon listing of the Equity Shares.

The estimated Offer expenses are as follows:

(₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the BRLMs and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDP ⁽¹⁾⁽²⁾	[●]	[●]	[●]
Printing and distribution of issue stationery	[●]	[●]	[●]
Fees to regulators, including Stock Exchanges	[●]	[●]	[●]
Others	[●]	[●]	[●]
i. Listing fees, SEBI, BSE and NSE processing fees;			
ii. Book building software fees;			
iii. Other regulatory expenses;			
iv. Fees payable to legal counsels; and			
V. Miscellaneous.			
Total estimated Offer expenses	[●]	[●]	[●]

* Offer expenses include goods and services tax, where applicable. Offer expenses will be incorporated at the time of filing of the Prospectus. Offer expenses are estimates and are subject to change.

- Selling commission payable to members of the Syndicate, SCSBs, RTAs and CDPs on the amounts received against the Equity Shares Allotted (i.e. product of the Equity Shares Allotted and the Offer Price) would be as follows:

Portion for Retail Individual Investors	[●]% (plus applicable goods and services tax)
Portion for Non-Institutional Investors	[●]% (plus applicable goods and services tax)

Further, bidding charges of ₹ [●] (plus applicable goods and services tax) shall be per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Investors using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured by them. Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors and Non-Institutional Investors, which are directly procured by the Registered Brokers and submitted to SCSB for processing, shall be ₹ [●] per valid Bid cum Application Form (plus applicable goods and services tax).

- (2) Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes).

Processing fees for applications made by Retail Individual Investors using the UPI Mechanism would be as follows:

RTAs / CDPs/ Registered Brokers	₹ [●] per valid Bid cum Application Form (plus applicable taxes)
	₹ [●] per valid Bid cum Application Form (plus applicable taxes)
Sponsor Bank	The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, the NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.

* Based on valid Bid cum Application Forms

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, as may be approved by our Board. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge financing facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending upon

business requirements, our Company may consider raising bridge financing facilities, including through secured or unsecured loans or any short-term instrument like non-convertible debentures, commercial papers etc. pending receipt of the Net Proceeds.

Monitoring of Utilization of Funds

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a Monitoring Agency to monitor the utilization of the Net Proceeds prior to filing of the Red Herring Prospectus. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in objects of the Offer

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "Notice") shall specify the prescribed details, including justification for such variation and be published and placed on website of our Company, in accordance with the Companies Act, 2013, read with relevant rules.

Pursuant to Section 13(8) of the Companies Act, 2013, our Promoters or controlling Shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with our Articles of Association, the Companies Act, 2013 and the SEBI ICDR Regulations.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilized have been appraised by any bank/financial institution.

Other Confirmations

In relation to the part financing of the acquisition of the Goa Facility from the Net Proceeds, ₹ 6,420.00 million from the Net Proceeds will be paid by our Company to ZACL, which is one of the Promoters of our Company, pursuant to the BTA. Except this object of part financing of the acquisition of the Goa Facility, no part of the Net Proceeds will be paid to our Promoters, Directors, our Group Companies or our Key Managerial Personnel, except in the ordinary course of business and in compliance with applicable law. Except the BTA, our Company has not entered into nor has planned to enter into any arrangement/ agreements with our Promoter, our Promoter Group, our Directors, our Key Management Personnel or our Group Companies in relation to the utilization of the Net Proceeds of the Offer.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price. Investors should also see “*Our Business*”, “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Restated Consolidated Financial Information*” on pages 136, 26, 384 and 241, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Well-positioned to capture favorable Indian fertilizer industry dynamics supported by conducive government regulations
- Second largest manufacturer of Phosphatic fertilizers in India
- Driving raw material efficiency through backward integration of facilities and effective sourcing
- Secure and certified manufacturing facility and infrastructure and unutilised land available for expansion
- Strategic location of our manufacturing facility and sizeable material storage, handling and port facilities
- Established brand name backed by an extensive sales and distribution network
- Strong parentage, experienced management team and prominent shareholders

For details, see “*Our Business – Competitive Strengths*” and “*Risk Factors*” on pages 138 and 26, respectively.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Consolidated Financial Information. For details, see “*Restated Consolidated Financial Information*” on page 241.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Equity Share (“EPS”):

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2019	2.76	2.76	1.00
March 31, 2020	3.36	3.36	2.00
March 31, 2021	3.88	3.88	3.00
Weighted Average	3.52	3.52	

Note:

1. Basic EPS (₹) = Restated net profit available to equity shareholders/ Weighted average number of equity shares outstanding during the year
2. Diluted EPS (₹) = Restated net profit available to equity shareholders/ Weighted average number of dilutive equity share
3. For the purpose of calculating weighted average, weights of 1,2 and 3 have been considered for FY 2019, 2020 and 2021, respectively

B. Price/Earning (“P/E”) ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the Floor Price (No. of times)	P/E at the Cap Price (No. of times)
Based on basic EPS for Fiscal 2021 on Restated Consolidated Financial Information	[●]	[●]
Based on diluted EPS for Fiscal 2021 on Restated Consolidated Financial Information	[●]	[●]

Industry Peer Group P/E ratio

Particulars	Industry P/E
Highest	19.11
Lowest	7.54
Average	10.50

The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, see “– Comparison of accounting ratios with listed industry peers” on page 90.

C. Return on Net Worth (“RoNW”)

Fiscal Year ended	RoNW (%)	Weight
March 31, 2019	10.72	1.00
March 31, 2020	12.05	2.00
March 31, 2021	12.22	3.00
Weighted Average	11.91	

D. Net Asset Value (“NAV”) per Equity Share of face value of ₹ 10

Fiscal year ended/ Period ended	NAV per Equity Share
As on March 31, 2021	31.76
After the completion of the Offer	At Floor Price: [●] At Cap Price: [●]
At Offer Price	[●]

E. Comparison of Accounting Ratios with Listed Industry Peers

Following is the comparison with our peer group companies listed in India:

Name of the company	Total income (₹ in million)	Face Value per equity share (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (basic) (₹)
Company*	51,839.41	10	[●]	3.88	3.88	12.22%	31.76
Listed Peers#							
Coromandel International Ltd	1,42,570	1	19	45.34	45.22	25.81%	176
Chambal Fertilizers Chemicals Ltd	1,27,564	10	8	39.76	39.76	33.30%	126
Deepak Fertilizers and Petrochemicals Ltd	58,412	10	10	41.47	39.20	15.04%	263

* On a restated consolidated basis

@ NAV is computed as the closing net worth divided by the closing outstanding number of equity shares as on March 31, 2021

\$P/E Ratio has been computed based on the closing market price of equity shares on NSE on July 29, 2021, divided by the Diluted EPS

RoNW is computed as net profit after tax divided by net worth

F. The Offer Price is [●] times of the face value of the Equity Shares

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the abovementioned information along with “***Risk Factors***”, “***Our Business***”, “***Management’s Discussion and Analysis of Financial Condition and Results of Operations***” and “***Restated Consolidated Financial Information***” on pages 26, 136, 384 and 241, respectively, to have a more informed view.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Date: 12 August 2021

The Board of Directors

Paradeep Phosphates Limited

5th Floor Orissa State Handloom Weavers' Co-operative Building,

Pandit J.N. Marg,

Bhubaneswar,

Orissa - 751001

Dear Sirs,

Subject: Statement of possible special tax benefits (“the Statement”) available to Paradeep Phosphates Limited (“the Company”) and its shareholders prepared in accordance with the requirement in Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, in connection with the proposed initial public offering of equity shares of face value of Rs. 10 each (the “Equity Shares”) comprising a fresh issue of the Equity Shares by the Company and an offer for sale of the Equity Shares by certain shareholders of the Company (the “Proposed Offer”)

This statement is issued in accordance with the terms of our engagement letter dated 26 July 2021.

We hereby report that the enclosed Annexure II prepared by the Company, initialed by us for identification purpose, states the possible special tax benefits available to the Company and its shareholders under direct and indirect taxes (together “**the Tax Laws**”), presently in force in India as on the signing date, which are detailed in Annexure I. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the Management of the Company. We were informed that the Statement 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 tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company (the “**Proposed Offer**”) 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 possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (“Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard 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.

We do not express any opinion or provide any assurance as to whether:

- i) the Company and its shareholders will continue to obtain these possible special tax benefits in future; or
- ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. 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 Tax Laws 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Statement in the Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus and in any other material used in connection with the Proposed Offer and submission of this Statement to Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed and the relevant Registrar of Companies in connection with the Proposed Offer, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership number: 055757

ICAI UDIN: 21055757AAAADL7713

Place: Kolkata

Date: 12 August 2021

Cc:

Axis Capital Limited

1st Floor, Axis House
C-2, Wadia International Centre P.B. Marg,
Worli, Mumbai 400 025
Maharashtra, India

ICICI Securities Limited

ICICI Centre, H.T. Parekh Marg
Churchgate
Mumbai 400 020
Maharashtra, India

JM Financial Limited

7th Floor, Cnergy Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India

SBI Capital Markets Limited

202, Maker Tower E
Cuffe Parade
Mumbai 400005

ANNEXURE I
LIST OF DIRECT AND INDIRECT TAX LAWS ('TAX LAWS')

Sr. No:	Details of tax laws
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017
5.	Customs Act, 1962 and Customs Tariff Act, 1975
6.	The Foreign Trade Policy 2015-2020 as extended until March 31, 2021 vide Notification No 57/2015-20 dated March 31, 2020 and further extended until September 30, 2021 vide Notification No 60/2015-20 dated March 31, 2021

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES (“TAX LAWS”)

TAX BENEFITS UNDER INCOME TAX ACT, 1961 (‘ACT’)

This statement sets out below the possible special tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. These benefits are dependent on fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company and its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

This statement sets out below the provisions of law 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. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

I. Special tax benefits available to the Company

As per **section 115BAA of the Act**, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.168% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2019-20 (i.e. Assessment Year 2020-21). In case a company opts for section 115BAA of the Act, provisions of Minimum Alternate Tax (“MAT”) under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Such option once exercised shall apply to subsequent assessment years. In such a case, the Company may, inter-alia, not be allowed to claim following deductions/exemptions:

- i) Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation);
- ii) Deduction under sub section (2AB) of Section 35 (Expenses on in house R&D)
- iii) Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project);
- iv) Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M;
- v) No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the specified deductions;

II. Special Tax Benefits available to the shareholders

There are no special tax benefits which may be available to the shareholders as per the provisions of the Act.

NOTES:

1. The above statement of possible special direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. We have not considered the general tax benefits available to the Company or shareholders of the Company.
3. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
4. This statement of possible special direct tax benefits enumerated above is as per the Act as amended by the Finance Act, 2021. The above statement of possible special direct-tax benefits sets out the possible special tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
5. This statement does not cover analysis of provisions of Chapter X-A of the Act dealing with General Anti-Avoidance Rules.
6. This statement does not discuss any tax consequences in any country outside India of an investment in the shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE INDIRECT TAX LAWS IN INDIA

Benefits available to the Company and the Shareholders of the Company under the Central Goods and Services Tax Act, 2017 (“CGST Act”), Integrated Goods and Services Tax Act, 2017 (“IGST Act”), respective State Goods and Services Tax Act, 2017 (“SGST Act”), Customs Act, 1962, Customs Tariff Act, 1975 and Foreign Trade Policy 2015-20 as extended until March 31, 2021 vide Notification No 57/2015-20 dated March 31, 2020 and further extended until September 30, 2021 vide Notification No 60/2015-20 dated March 31, 2021 (Collectively referred to as “INDIRECT TAX LAWS”) are as under.

1. Special Tax Benefits available to the Company

There are no special tax benefits as such available to the company under the Indirect Tax Laws. The Company is however availing following certain indirect tax benefits:

- a. It is Tier II Certificate Holder under Authorised Economic Operator Scheme of Customs;
- b. Imports raw materials at concessional rate from notified countries under preferential trade agreement;
- c. Avails benefit of Duty Credit Scrips like Merchandise Exports from India Scheme (MEIS) / Service Exports from India Scheme (SEIS) etc.

2. Special Tax Benefits available to the Shareholders of the Company

There are no special tax benefits available to the Shareholders under the Indirect Tax Laws.

Note:

1. The above is as per the current Tax Laws.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For Paradeep Phosphates Limited

Alok Saxena

Authorized Signatory

Place: Bengaluru

Date: 12 August 2021

SECTION IV- ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information contained in this section is derived from the report by CRISIL Limited titled “Assessment of the fertiliser market in India” dated July 2021 (the “**CRISIL Report**”), which was exclusively commissioned and paid for by our Company only for the purpose of understanding the industry in connection with the Offer, and other publicly available sources. Unless specified otherwise, all information in this section has been derived from the CRISIL Report. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

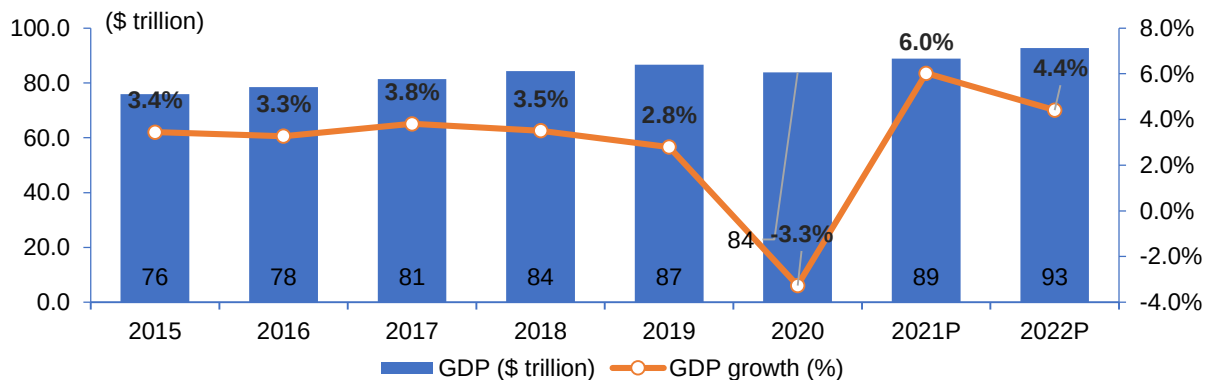
Macroeconomic Overview

Global GDP review and outlook

While global gross domestic product (GDP) declined sharply in 2020 owing to the COVID-19 pandemic, it is expected to rebound strongly by the end of calendar year 2021 on account of policy support and the vaccination drive

According to the International Monetary Fund (IMF), global real GDP grew at 3-4% compound annual growth rate (CAGR) from calendar years 2015-18. It declined to 2.8% in 2019. The IMF estimated global real GDP degrew 3.3% in 2020 owing to the pandemic, which has disrupted businesses across the world. In response, almost all major countries had announced stimulus packages, which resulted in a recovery in the second half of 2020.

Trend and outlook on real GDP growth for the world



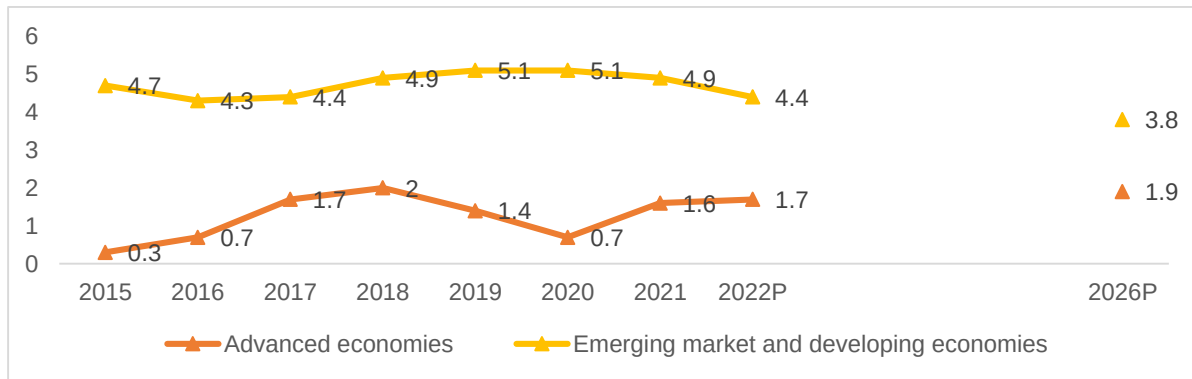
P: Projection

Source: IMF economic database, World Bank national accounts data and OECD national accounts data, CRISIL Research

Review and outlook on inflation

Inflation is expected to remain moderate in the short run

Trend and outlook on consumer prices



Note: P - Projection

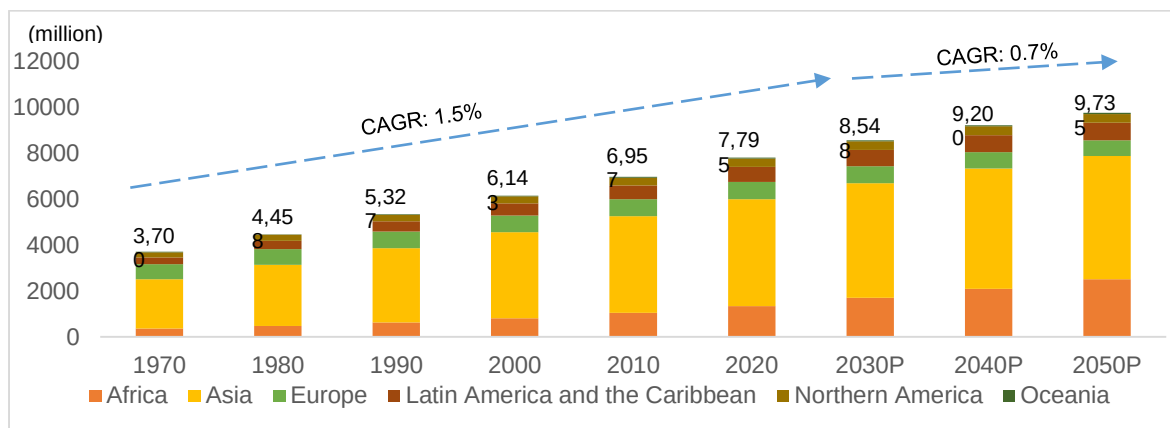
Source: IMF, CRISIL Research

In line with the subdued outlook for activity, inflation is expected to remain relatively low over the short run as per estimates by International Monetary Fund (IMF). Inflation in the advanced economy group is projected at 1.7% in 2022, rising to 1.9% in 2026 as the recovery gains hold. In the emerging market and developing economy group, inflation is projected at 4.4% this calendar, and moderating thereafter to 3.8% over the medium term.

Review and outlook on population

Global population projected to grow at a slower pace over the next three decades; low and middle income countries to drive growth

Trend and outlook on global population and its region-wise breakup



Note: P - Projection

Source: United Nations (Department of Economic and Social Affairs - Population Division), CRISIL Research

Current projections indicate that India will surpass China as the world's most populous country around 2027. After this re-ordering between 2020 and 2050, the ranking of the five largest countries is projected to be preserved through the end of the century, when India could remain the world's most populous country with nearly 1.5 billion inhabitants, followed by China with 1.1 billion, Nigeria with 741 million, the United States with 301 million, and Pakistan with 422 million inhabitants.

Outlook on population of countries categorized as per income group (in million)

World Bank income groups	2020	2030P	2050P	2020-2050P CAGR
High-income countries	1,263	1,272	1,228	-0.1%
Middle-income countries	5,753	6,280	7,016	0.7%
Low-income countries	776	993	1,488	2.2%

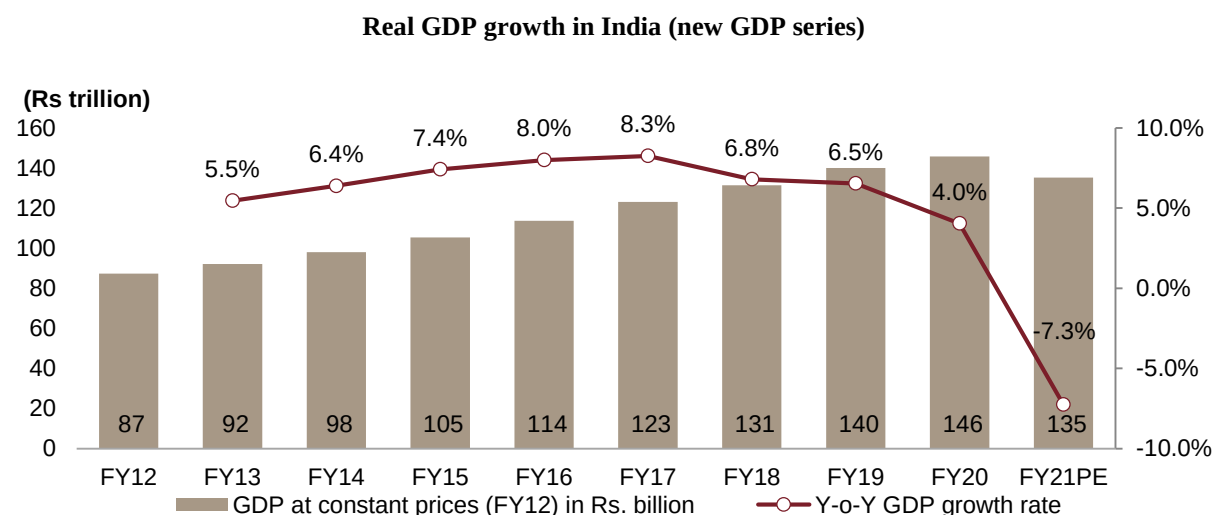
P: Projection

Source: United Nations (Department of Economic and Social Affairs - Population Division), CRISIL Research

Low and middle-income countries (as per the World Bank's definition) are projected to grow at a faster clip compared to high-income countries. The population of low-income countries is projected to almost double over the next three decades.

Macroeconomic Overview of India

A review of India's GDP growth



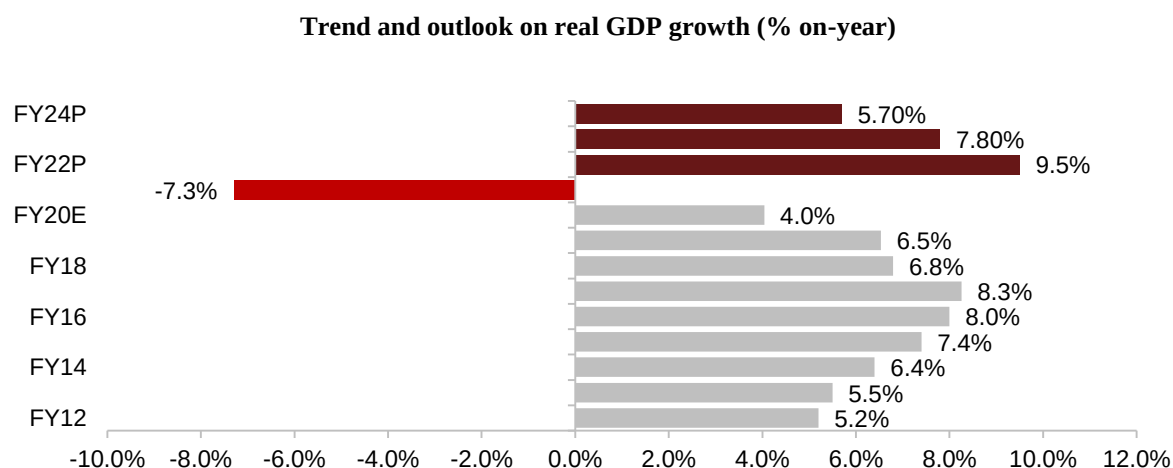
Note: PE - Provisional estimates

Source: Provisional Estimates of Annual National Income, 2019-20, Central Statistics Office (CSO), MoSPI, CRISIL Research

Outlook on India's GDP growth

Economy contracted 7.3% in Financial Year 2021

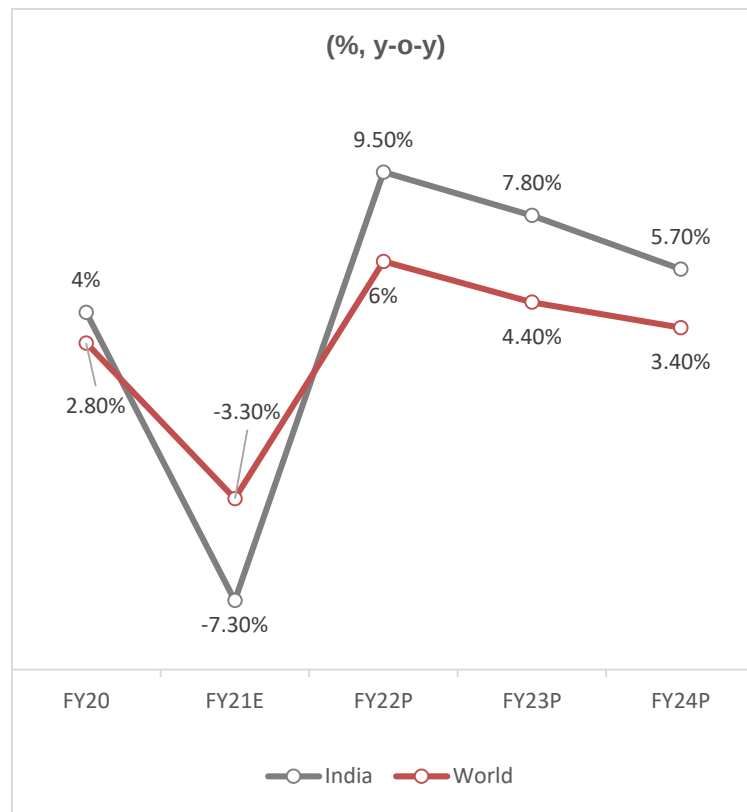
The gains made by the economy in the fourth quarter of Financial Year 2021 seem to have fizzled out in the first quarter of Financial Year 2022, because of the fierce second wave of COVID-19, leading to localized lockdowns in most states. At the same time, monetary policy has begun normalizing, and some tightness in domestic financial conditions is inevitable. Against this backdrop, policy support remains critical, apart from action in the external environment. In Financial Year 2021, the policy response to the pandemic focused more on damage control and measures to support the economy. This Financial Year, though, the government is expected to normalize some of the extraordinary or unconventional policy moves, while trying to ensure there is smooth revival in growth.



E: Estimated; P: Projected by CRISIL Research; GDP calls updated as of May 2021;

Source: Second advance estimates of national income 2020-21, CSO, MoSPI, CRISIL Research

In the next three Financial Years, India's growth to be greater than that of the global GDP



Note: Forecasts for World are for calendar year; Financial Year 2020=2019; P: Projected; updated as of Jun 2021

Source: India numbers for Financial Year 2020 and Financial Year 2021 are based on MOSPI latest GDP estimates and Financial Year 2022 onwards are CRISIL Research estimates while World GDP growth rates are from IMF world economic outlook update as of April 2021

Review of global per capita GDP

India's per capita GDP growing at approximately three times the global per capita GDP growth rate

Per-capita GDP – Global and India (current prices) (USD per capita)

in USD	2015	2016	2017	2018	2019	2020P	2021P	2025P	CAGR (2015-20)	CAGR (2020-25)
Per capita GDP – Global (current prices)	10,346	10,394	10,908	11,467	11,539	11,058	12,157	12,837	1.3%	5.6%
Per capita GDP – India (current prices)	1,606	1,732	1,981	1,997	2,099	1,965	2,191	2,358	4.1%	8.1%

P - Projected

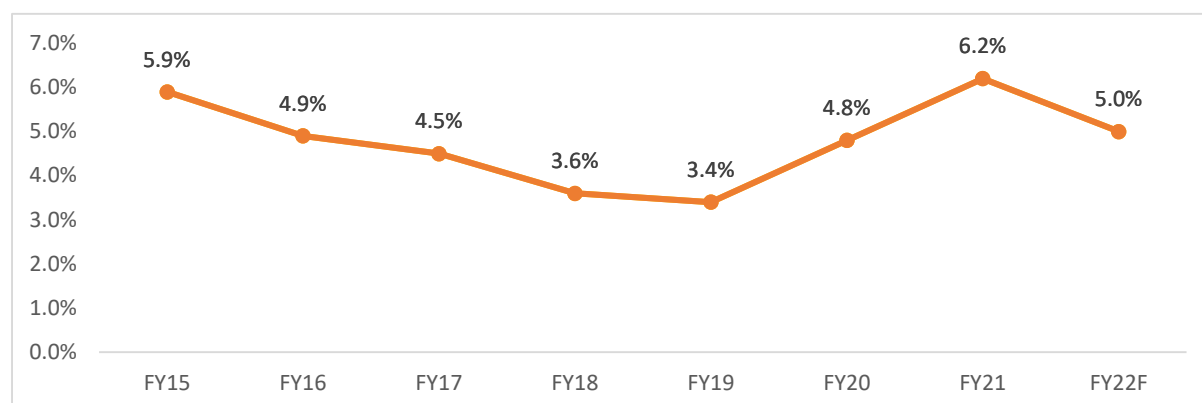
Source: IMF, CRISIL Research

Review of trend in inflation (CPI) in India

CPI has seen a steady decline until Financial Year 2019; expected to be approximately 5% in Financial Year 2022

The retail inflation based on the new combined CPI series, with 2011-12 base, saw a consistent decline from 9.4% in Financial Year 2014 to 3.4% in Financial Year 2019 before rising slightly to 4.8% in Financial Year 2020. This decline was largely led by a secular decline in food inflation over the corresponding period.

Trend and outlook on inflation (CPI)



Note: P - Projected

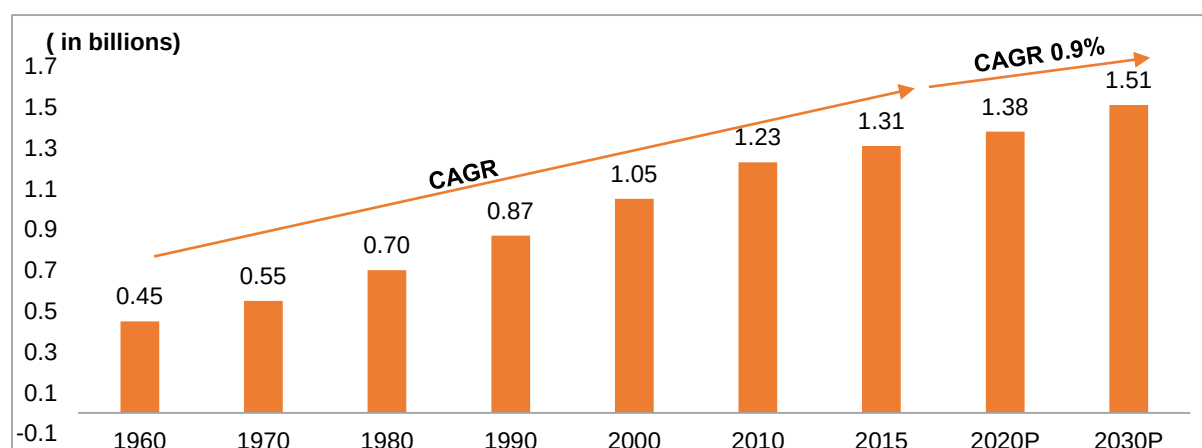
Source: Provisional Estimates of Annual National Income, 2019-20, CSO, MoSPI, CRISIL Research

Going forward, inflationary pressures do exist on account of (a) high commodity prices, including crude oil, which would mean higher fuel inflation; and (b) stickiness in core inflation, which could firm up as the economy recovers further. This calls for a careful watch on the inflation path. Accordingly, CRISIL pegs Financial Year 2022 CPI inflation at 5.0%.

Fundamental growth drivers of GDP

India's population is projected to touch 1.5 billion by 2030

India's population growth



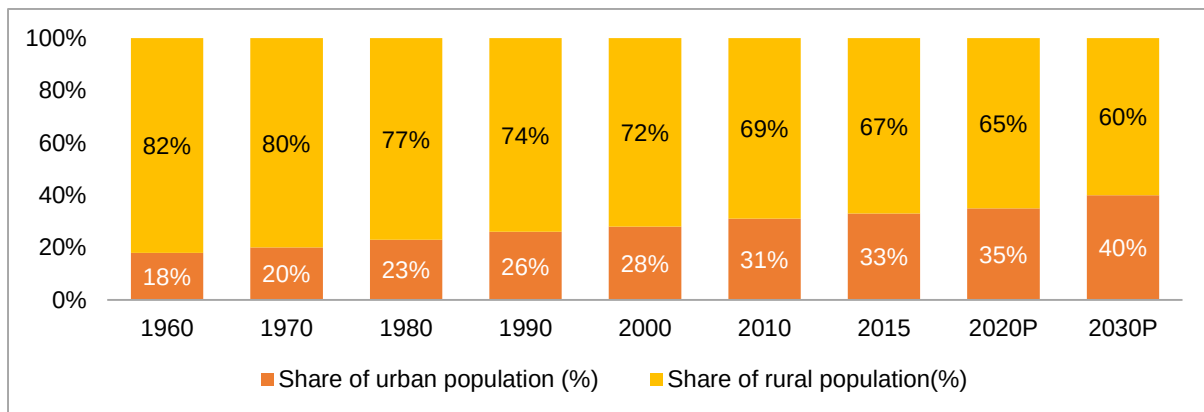
Note: P- Projected

Source: World Urbanization Prospects: The 2018 Revision, United Nations, CRISIL Research

Urbanization likely to reach 40% by 2030

The share of India's urban population in relation to its total population has been rising over the years and printed at approximately 31% in 2010. This trend is expected to continue, with the United Nations report projecting that nearly 40% of the country's population will live in urban areas by 2030.

India's urban versus rural population



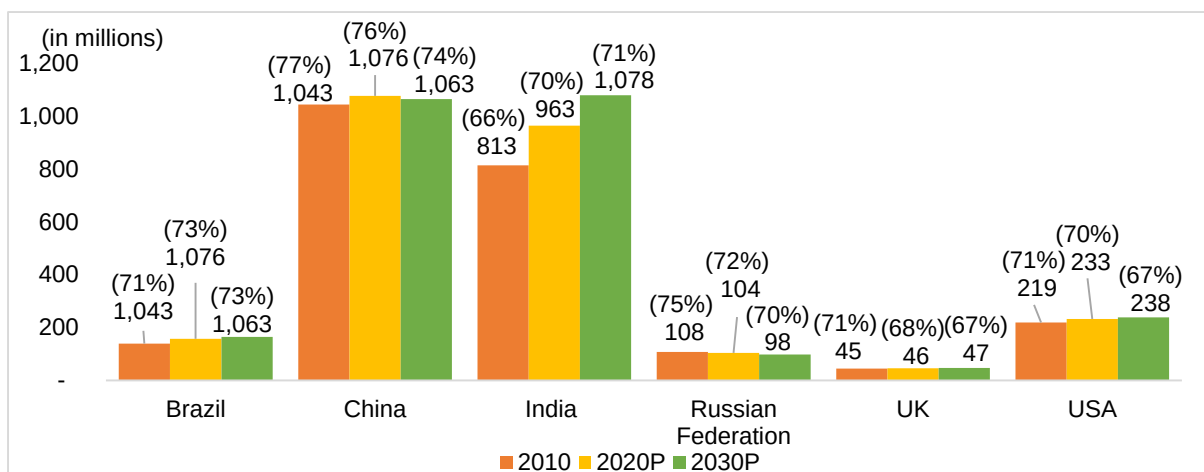
Note: P - Projected

Source: World Urbanization Prospects: The 2018 Revision, United Nations, CRISIL Research

India's youth to account for approximately 40% of its population by 2030

The increase in the share of youth in India's population indicates a higher proportion of population entering the workforce bracket.

Trend in working population (15-69 years)



Note: Values in % above the bar graph represents working population ratio as % of total population of the country

Source: UN population estimates, CRISIL Research

India's median age to stay below key countries up to 2030

While the median ages in the US and the UK were 39.9 years and 42.4 years, respectively, that of India was significantly lower at 31.7 years, indicating a favorable demographic dividend. Even among the BRIC (Brazil, Russia, India and China) countries, India's median age is the lowest.

Overview of global agricultural sector

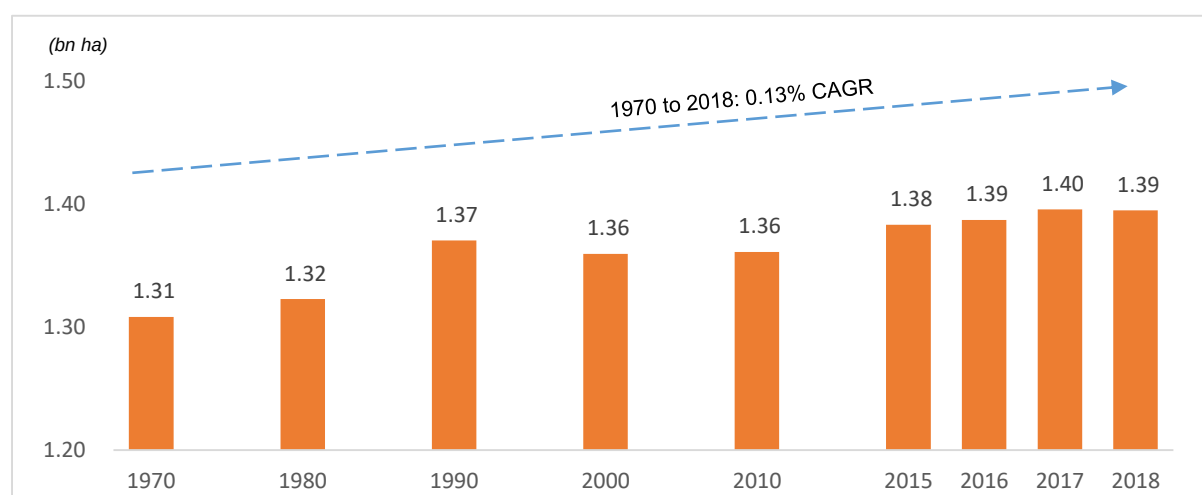
Agriculture plays an important role in economic and social development across the globe. As of 2018, agriculture constituted 4% of global gross domestic product (GDP). In some of the developing countries the share of agriculture can be as much as 25% of their GDP. As per World Bank estimates, agriculture will feed approximately 9.7 billion people across the world by 2050.

Land under cultivation has declined over the last few years on account of increased urbanization and industrialization

Land use for agriculture has seen declining trend even as population and per capita food consumption has grown steadily, largely because of the vast urbanization that has led to increased human activities on arable land. Increased industrialization and urbanization have resulted in a decline in land availability for agriculture. Also, one of the key trends in land use has been the greater use of fertilizers and pesticides which in turn has resulted in farmers cultivating less land for same output levels. Other factors such as better farming practices and the use of better quality seeds and high-yield crops have also contributed to the cause.

Developing countries to drive arable land growth over the next three decades

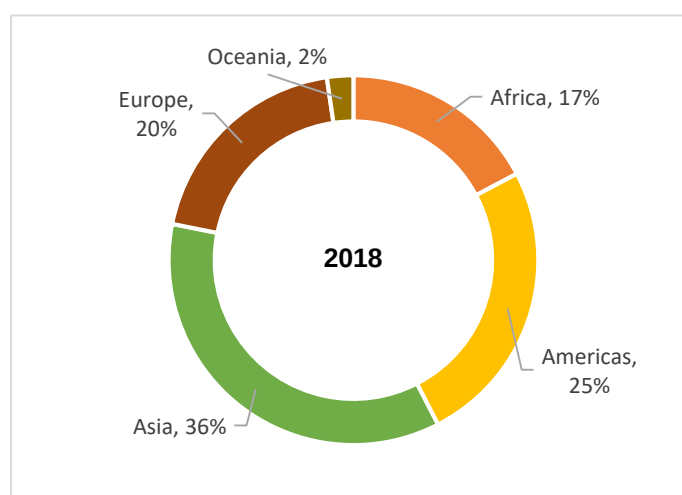
Trend in global arable land (hectares in billion)



Source: Food & Agriculture Organization (FAO), CRISIL Research

According to the Food and Agriculture Organization, arable land is the land under temporary crops, which have to be sown after each year, and temporary meadows. Arable land is a subset of agricultural land. As of 2018, Asia accounts for almost two-fifths of the global arable land, while the Americas account for nearly a quarter share. As per FAO data, the share of Asia and Africa have grown significantly from 1970 to 2018. In 1970, Africa constituted 13% of the global arable land whereas Asia had a share of 33%. As of 2018, on account of growth in arable land in the developing countries across these regions the share of these regions increased to 17% in Africa and 36% in Asia respectively.

Region-wise breakup of global arable land



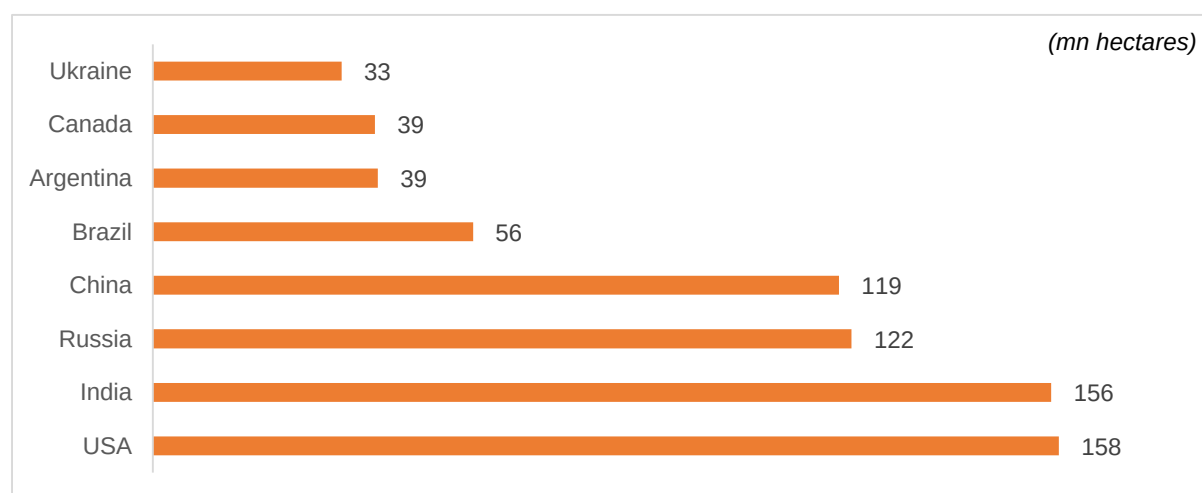
Source: Food & Agriculture Organization (FAO), CRISIL Research

The slowdown in the expansion of arable land (and its eventual decline) is a direct consequence of the projected slowdown in the growth of crop production and the assumed continuing (albeit slower than in the past) increase in crop yields.

India has the second largest arable land area in the world; however, it lags behind other countries in terms of yield for key crops

Overall, India accounts for almost 10% of the global arable land as of 2018. Among the countries with large arable land, India has a much lower yield across key crop categories like cereals, pulses and fruits compared to some of the peers and also compared to global average. Increased usage of fertilizers, crop protection, seeds and adoption of modern farming techniques are key to improving this yield.

Key country-wise arable land (2018)



Source: Food & Agriculture Organization (FAO), CRISIL Research

Yield for key crop categories for countries with large arable land (2018)

(Hectograms/ Hectare)	USA	China	Ukraine	Brazil	India	Russia	Argentina	Canada	World
Cereals	81,962	61,378	48,522	48,066	32,781	26,168	46,712	39,046	40,083
Fruits	2,19,498	1,59,180	1,16,773	1,89,433	1,47,043	89,483	1,72,953	1,14,931	1,35,732
Oilcrops	32,919	28,199	23,739	34,997	16,057	14,651	22,943	23,304	34,096
Pulses	19,579	18,258	17,175	10,195	7,391	13,036	13,224	19,500	9,744
Roots and Tubers	4,61,699	1,99,607	1,70,498	1,59,809	2,36,141	1,70,499	2,48,014	3,89,119	1,34,345
Sugar Crops	7,61,685	7,35,671	5,08,471	7,46,057	8,01,984	3,80,571	4,03,263	7,56,429	7,02,305
Vegetables	3,39,426	2,33,060	2,14,717	2,47,450	1,54,530	2,44,969	1,80,022	2,52,387	1,89,294

Source: Food & Agriculture Organization (FAO), CRISIL Research

Asia accounts for highest usage of fertilizer per hectare of crop land

According to FAO estimates, world agricultural use of chemical fertilizers per cropland area rose by 33% during the 2000–2018 period, to 121 kg of nutrients per hectare – expressed as the sum of nitrogen, phosphorus and potassium. This corresponds to an additional 30 kg/ha compared with 2000. Of the total amount, 70 kg/ha correspond to nitrogen (up 28%), 26 kg/ha to phosphorus (up 19%) and 25 kg/ha to potassium (up 68%). Fertilizer use per cropland area in 2018 was the highest in Asia, at 178 kg/ha, followed by the Americas (135 kg/ha), Oceania (83 kg/ha), Europe (77 kg/ha) and Africa (25 kg/ha).

Overview of the agriculture sector in India

Introduction to Indian agriculture scenario

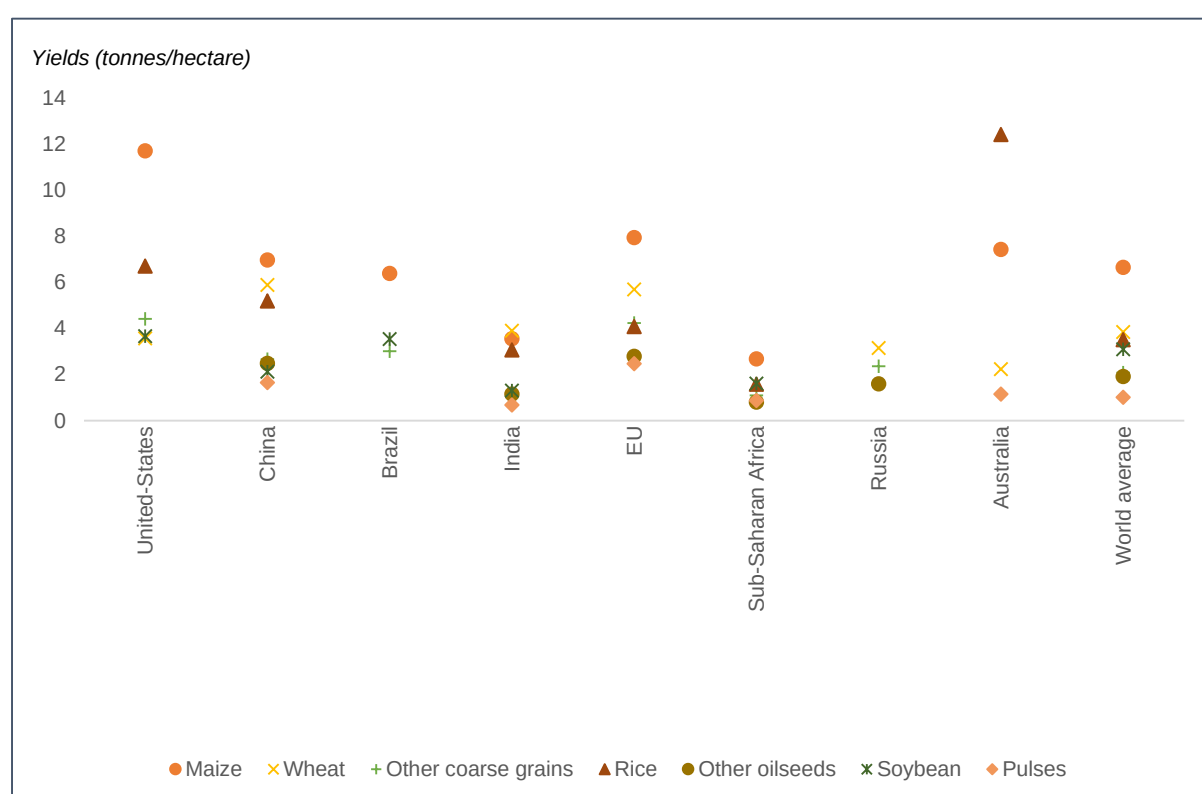
India accounts for less than 4% share of the global agriculture land

As per FAO estimates, India accounts for less than 4% of the total world agricultural land with total area of approximately 180 million hectares as of 2018.

Yield for major crops in India to remain on lower side compared to major other countries

By 2029, average crop yields in both India and Sub-Saharan Africa are projected to remain well below yield levels in all high yielding countries, including countries/regions with comparable natural conditions (e.g. South East Asia, Latin America). This indicates that many countries, including India, will still be far from their yields potential and therefore from their potential output during the next decade.

Projected crop yields for selected countries and regions (2029)

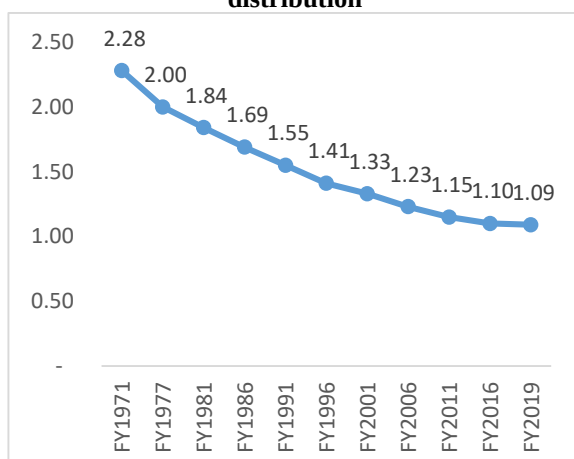


Number of Source: Food & Agriculture Organization (FAO), CRISIL Research

Agricultural land in India is highly fragmented

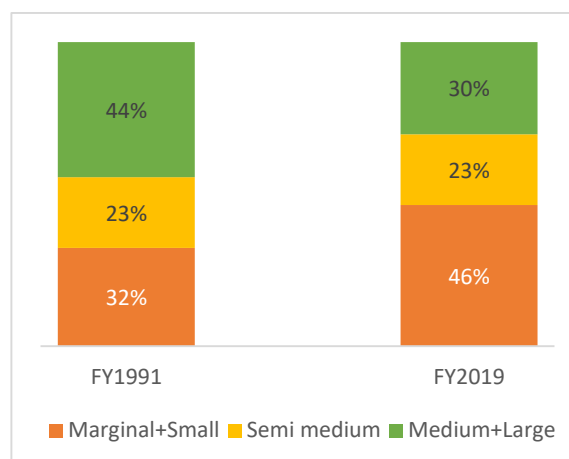
CRISIL Research expects fragmentation to continue over the next 2-3 calendar years as traditional distribution patterns continue, resulting in small and marginal land parcels accounting for 87-88% of total number of landholdings; the two categories are expected to account for 45-47% of the country's total agricultural area. These trends in landholdings will have a twin impact: smaller farms with a higher cropping intensity will boost sales of farm inputs such as seeds, fertilizers and pesticides while dampening the demand for heavy machinery including tractors.

Trend in average size of landholding (in hectares) distribution



Source: Ministry of Agriculture & Farmers' Welfare, CRISIL Research

Trend in category-wise landholding



Impact of monsoon on agri-input consumption

Monsoon performance remains critical factor for agriculture sector growth; Financial Year 2020 and Financial Year 2021 have seen good rainfall, Financial Year 2022 to see normal monsoon

In the year 2020, rains not only arrived on time, but also covered the entire country at least 12 days ahead of the normal date. No major Kharif-growing state faced rain deficiency, though there were a few that suffered excess rains. This benefited sowing activity and has helped shore up water reserves.

In the Indian context, a good monsoon season also augurs well for the agri-input consumption, since abundant rainfalls result in higher demand for fertilizers, seeds, pesticides, farm equipment, etc.

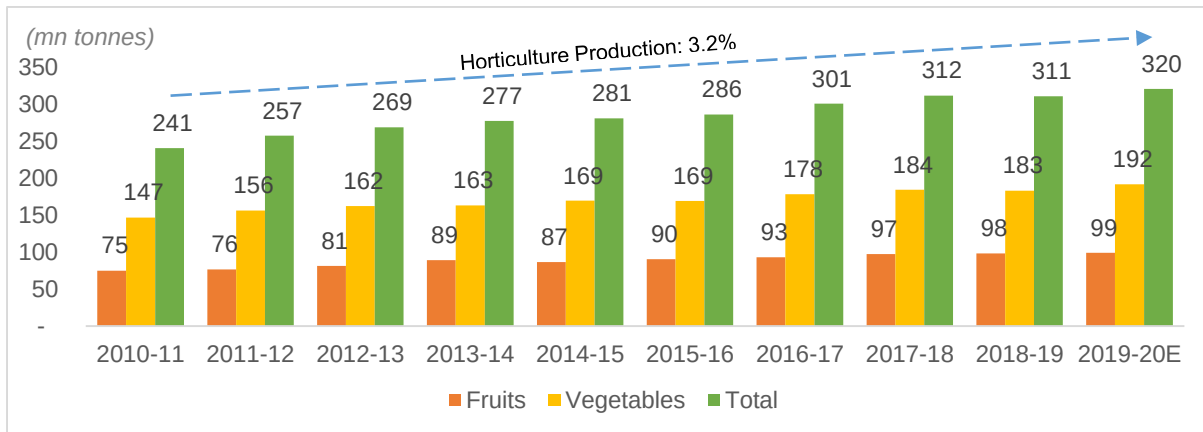
Cultivation area for horticulture witnessed significant increase during the last decade

Over the last decade, the area under cultivation for horticulture has increased by approximately 18% from approximately 21.8 million hectares in Financial Year 2011 to approximately 25.6 million hectares in Financial Year 2019. During the corresponding period, production has seen increased at 3.2% CAGR on account of improved yield and increase in area under cultivation. In Financial Year 2019, production of horticulture crops was estimated at 320 million tonnes from an area of 25.6 million hectares.

Vegetables have a higher yield compared to fruits

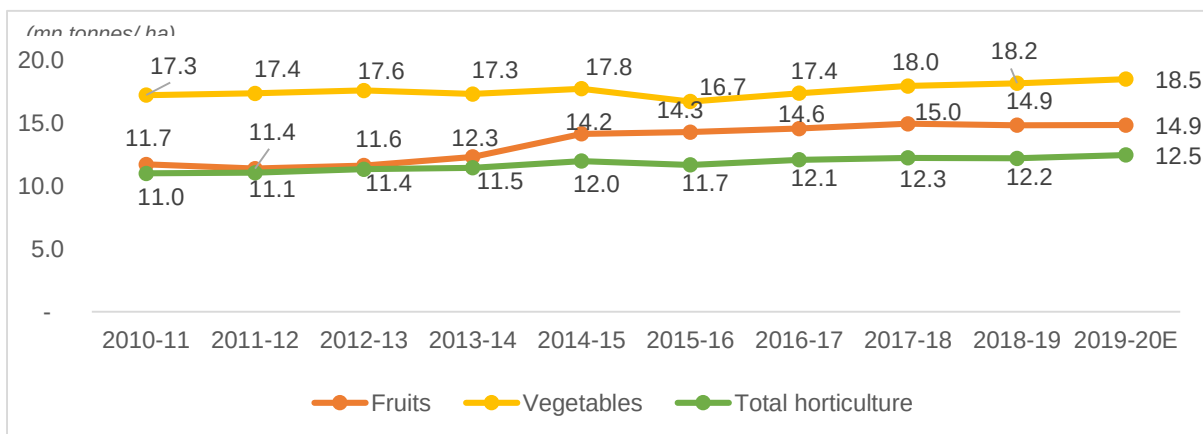
Fruits and vegetables constitute major share of horticulture production. Vegetables had the highest yield among the major crops with yield of 18.5 million tonnes per hectare as of Financial Year 2020, since they are short-duration crops that are grown in every small plots compared to other crops. Overall yield for horticulture in Financial Year 2020 was 12.2 million tonnes per hectare. Fruits showcased a moderate yield of 14.9 million tonnes/hectare during the year.

Trend in horticulture production in India



Source: MoAFW, CRISIL Research

Trend in yield for horticulture crops



Source: MoAFW, CRISIL Research

Overview of agriculture reforms announced in fiscal 2021 to support farmers

Agriculture credit: Increased budgetary spends, interest subvention schemes by govt to boost growth

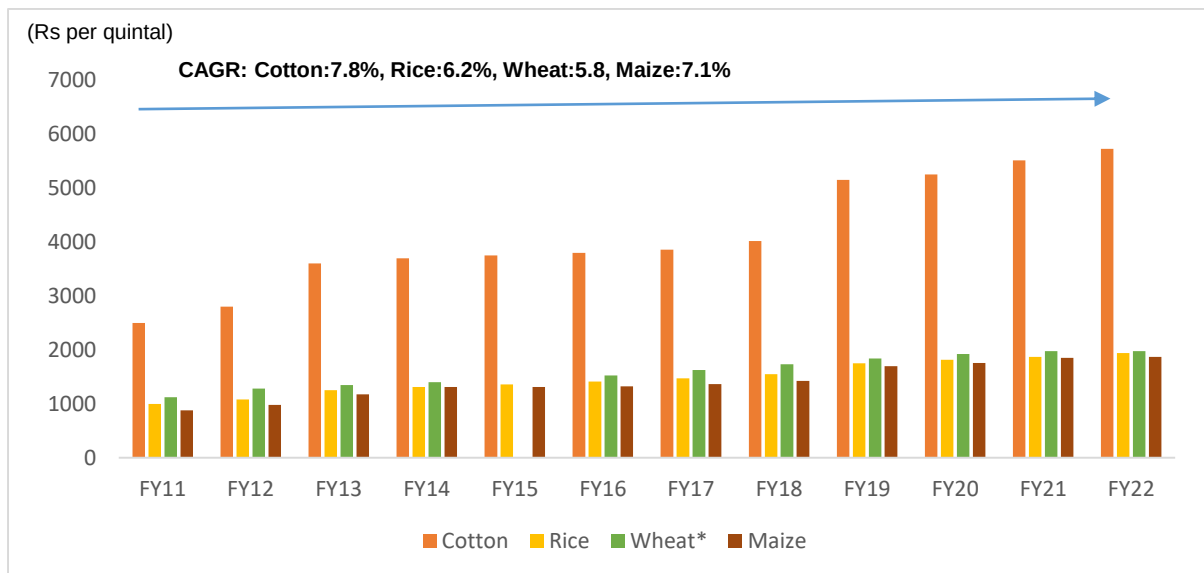
In the Union Budget 2020-21, allocation for the agriculture sector has been raised to ~Rs 1,344 billion from ~Rs 1,304 billion (revised) in fiscal 2020 (up 3%). Key highlights of the budget are as follows:

- For the flagship Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme, the allocation for fiscal 2021 is Rs 750 billion similar to fiscal 2020. Under the scheme, 14.5 crore farmers would be provided with an assured yearly income of Rs 6,000. However, the support received is minimal compared with the cost of cultivation and as such, this will have minimal impact on the agriculture credit.
- Expenditure for the Market Intervention Scheme and Price Support Scheme in fiscal 2020 was ~Rs. 20 bn, as per revised estimates. The allocation for fiscal 2021 is also ~Rs 200 billion.

Price support: Strong growth in MSP across key crops

The prices of agricultural commodities are inherently unstable, primarily due to the variation in their supply, lack of market integration and information asymmetry - a very good harvest in any year results in a sharp fall in the price of that commodity during that year which in turn will have an adverse impact on the future supply as farmers withdraw from sowing that crop in the next / following years. This then causes paucity of supply next year and hence, major price increase for consumers. To counter this, MSP for major agricultural products is fixed by the Government, each year.

Trend in Minimum Support Price (MSP) for key crops



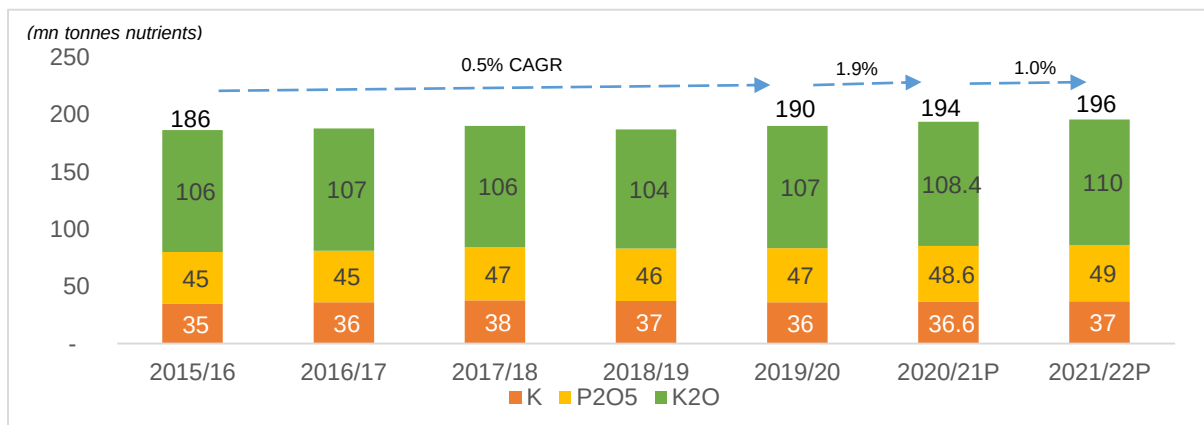
Note: Wheat MSP is not yet released for Financial Year 21, so Financial Year 20 has been considered as proxy
Source: MoAFW, CRISIL Research Source: MoAFW, CRISIL Research

Assessment of global fertilizer industry

Review and outlook on global demand

Global fertilizer demand expected to increase in 2020/21 despite COVID-19 pandemic; phosphatic segment to lead growth

Trend and outlook on global fertilizer demand



Source :International Fertilizer Association (IFA), CRISIL Research

Going ahead, as per IFA estimates and CRISIL Research's industry interactions, global fertiliser demand is expected to grow by 2% on-year to 193.5 million tonnes in 2020/21. In relative terms, the expected increase in 2020/21 would be more significant for P2O5 (3.0%) than for N (1.6%) and K2O (1.4%).

Review of global capacity and supply of fertilizers

Global ammonia capacity increasing, mostly driven by urea expansions

As per IFA estimates and CRISIL Research's industry interactions, global ammonia capacity is projected to expand by 1.3%, from 179 million tonnes N in 2019 to 181 million tonnes N in 2020. New ammonia capacity are

expected to be commissioned in 2020/21 in Brunei, the EECA (Russia and Uzbekistan), Egypt, India, Iran, Nigeria and Oman. Capacity shutdowns and idling occurred in Bolivia, Brazil, Trinidad and North Korea. The global nitrogen supply/demand balance in 2020 indicates an increase in the potential surplus due to a substantial supply increment (+2.3 Mt N). The global supply of Nitrogen is expected to expand by approximately 2.3 million tonnes N during the calendar year 2020 and further by approximately 3.1 million tonnes during the calendar year 2021 leading to surplus supply.

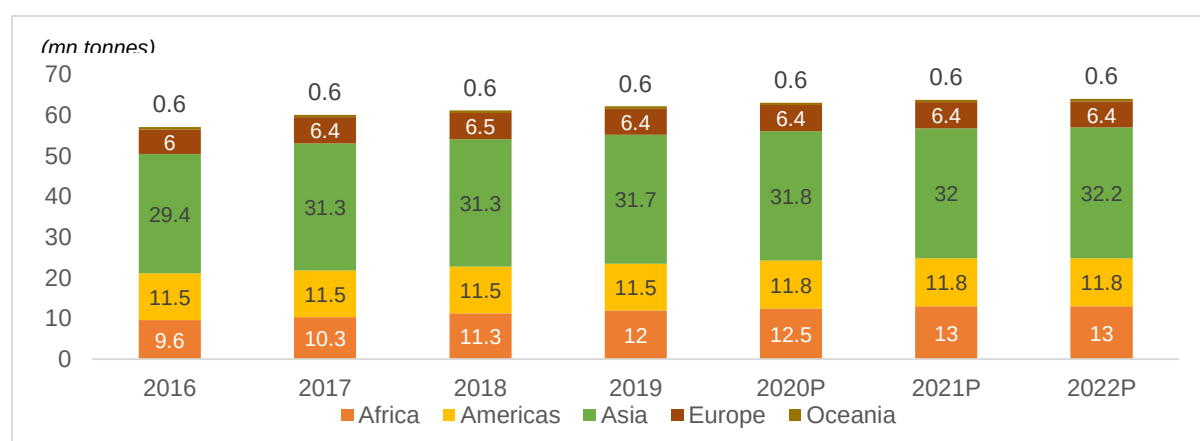
As per IFA estimates and CRISIL Research's industry interactions, global urea production is expected to increase by 2.8% to 182 million tonnes product. Excluding China, which accounted for 31% of global production, world urea output rose by 2.8% to 125 million tonnes led by higher production levels in South Asia, Africa and North America.

Supply of rock phosphate continues to rise driven by expansion in Africa, albeit at a slower pace

As per IFA estimates and CRISIL Research's industry interactions, global phosphoric acid capacity is expected to reach 59.1 million tonnes P₂O₅ (a growth of 1.3%) in 2021 from 57.8 million tonnes P₂O₅ in 2019. Incremental phosphoric acid capacity during 2019-2021 would mainly occur in Morocco, Brazil, Tunisia and India. Restructuring of phosphate capacity is still ongoing in China due to rationalization and environmental pressures.

As per IFA estimates and CRISIL Research's industry interactions, global production of phosphate rock in 2020 is expected to slightly rise, by 1% year-on-year, to 207.7 million tonnes following two years of contraction in 2018 and 2019. Exports of phosphate rock in 2020 would remain steady at around 30 Mt based on preliminary estimates. Globally, the largest capacities of rock phosphate are situated in Asia (especially East Asia) and Africa. OCP group is one the leading producer of the rock phosphate globally and operates largely in the Morocco and Western Sahara region which has approximately 70% of the global rock phosphate reserves.

Review and outlook on region-wise segmentation of global P₂O₅ capacities



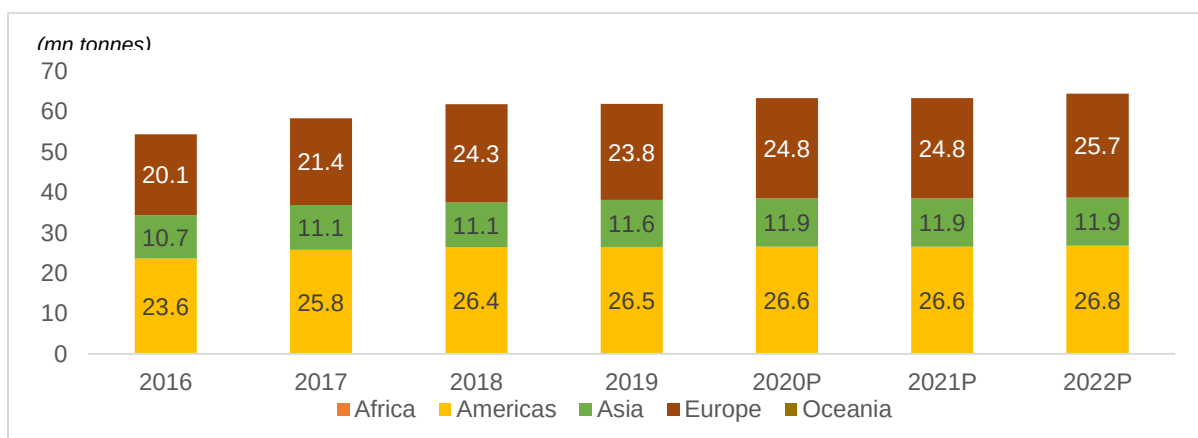
P: Projected

Source: FAO, CRISIL Research

Additional capacities and modest potash demand likely in medium-term

Between 2019 and 2021 global potash supply is projected to increase by 5% (+2.5 million tonnes K₂O). The global potash market will likely remain supply-driven in the near term since very large new capacity projects in EECA (Russia and Belarus) would increase substantial potential supply.

Review and outlook on region-wise segmentation of global K₂O capacities



P: Projected

Source: FAO, CRISIL Research

Overview of the fertilizer industry in India

Introduction to fertilizers

Fertilisers are composed of wide variety of nutrients

Fertilisers are composed of the following basic nutrients:

- The primary nutrients are nitrogen (N), phosphorous (P) and potassium (K), which are required in large quantities and are normally supplied through chemical fertilizers;
- Secondary nutrients are required in smaller quantities vis-a-vis the primary nutrients and include calcium, magnesium and Sulphur; and
- Micronutrients are groups of nutrients that are essential for plant growth, though plants require them in smaller quantities. These include iron, zinc, manganese, copper, boron, molybdenum and chlorine. The most extensively used micronutrient in India is zinc sulphate.

In terms of tonnage and value, chemical fertilizers is the largest segment (vis-a-vis organic or bio-fertilizers) supplying the primary nutrients. At present, there are around 25 chemical fertilizers that are used in India. These can be classified into nitrogenous, phosphatic, potassic, and complex fertilizers, depending on their nutrient content.

Different nutrients impart different characteristics to the fertilizers

Nitrogenous fertilizers impart color to plants and increase their vegetative growth. Urea and calcium ammonium nitrate (CAN) are the main nitrogenous fertilizers and are expressed as 46-0-0 and 25-0-0, respectively.

Phosphatic fertilizers are used to strengthen the roots in a plant. Single super phosphate (SSP) is the main phosphatic fertilizer and is expressed as 0-16-0.

Potassic fertilizers are essential for crops as they build their resistance to drought and diseases. In India, they are mainly combined with N and P₂O₅ (phosphate) to produce complex fertilizers. Muriate of potash (MoP) is the main potassic fertiliser and contains 60% potassium.

Complex fertilizers are produced out of a chemical combination of two or more nutrients; nitrogen and phosphorous (NP) or nitrogen, phosphorous, and potassium (NPK). DAP (di-ammonium phosphate) is one of the major complex fertilizer consumed in India and is expressed as 18-46-0.

Phosphatic fertilizers have seen demand grow on account of increasing awareness about their benefits

Phosphorus plays a vital role in photosynthesis, functioning in the capture and transfer of energy into chemical bonds. New, rapidly growing plant meristematic tissues have a high concentration of P. The genetic materials, DNA and RNA, are built around a backbone of P atoms, and P plays a major role in the metabolism of sugars and starches, all critical to cell division and growth processes.

Key products as well as their usage and efficacy

Single Super Phosphate (SSP)

SSP is cheaper compared to other Phosphatic fertilizers. It is more suited for crops like oil seeds, pulses, horticulture, vegetables, sugarcane, paddy etc. Single Super Phosphate (SSP) fertilizer is mainly used for improving root growth and chlorophyll synthesis and thus improves product quality.

SSP helps in improving root growth and development which is most important for uptake of plant nutrient and water.

Mono-Ammonium Phosphate (MAP)

Ammonia gas is combined with phosphoric acid, granulated, dried and screened to produce MAP. One of the major cropping fertilizers as a source of phosphorus and nitrogen. The low level of nitrogen makes it useful as a 'starter' fertiliser and as there is no free ammonia, the risk of affecting germinating seeds is minimal. It's water-soluble and dissolves rapidly in adequately moist soil. Upon dissolution, the two basic components of the fertilizer separate again to release ammonium and phosphate both of which plants rely on for healthy, sustained growth.

Muriate of Potash (MOP)

Occurs as a natural salt and after processing to cleanse out unwanted salts (especially common salt), it is usually compacted into 'chips' and screened to meet size specifications. MOP is used extensively for fertilizing pastures, sugar cane, fruit trees, vegetables, and other field crops. It plays a vital role in the production of proteins and sugars. It also protects against draught by maintaining plants water content which in turn is a benefit for photosynthesis as leaves maintain their shape and vigor.

Sulphate of Ammonia (SOA)

SOA is often manufactured by the direct mixing of sulfuric acid and ammonia, or as a by-product of refinery or caprolactum manufacture. SOA releases nitrogen to the soil directly as ammonium, which is converted by bacteria to nitrate nitrogen. This process is favored by conditions conducive to microbial activity, such as warm temperatures, moisture and organic matter.

Sulphate of Potash (SOP)

Potassium Sulphate is manufactured in either of the following ways – i) Mined and processed to clean away unwanted salts and ii) Muriate of Potash is reacted with Sulfuric Acid. Potassium sulphate (SOP) can be a more expensive source of potassium than MOP and so its uses are often restricted to three main areas: (i) where soil or irrigation water salt levels are high and MOP is undesirable; (ii) where chloride sensitive crops are being grown; for example, berries and vines; (iii) where high chloride levels occur in irrigation water.

Di-Ammonium Phosphate (DAP)

One of the major cropping fertilizers as a source of both phosphorus and nitrogen. The high phosphorus content makes it a true high analysis fertiliser. It is used on a range of crops in broad-acre farming, cereals, sugar cane, fodder crops and also in horticultural crops; for example, vegetables and tree crops. It's highly soluble and thus dissolves quickly in soil to release plant-available phosphate and ammonium. When applied as plant food, it temporarily increases the soil pH, but over a long term the treated ground becomes more acidic than before upon nitrification of the ammonium.

At present, DAP (18:46: 0) is the most widely used phosphatic fertilizer product in India. It is considered suitable for a wide variety of crops including those which need high dose of P₂O₅ and low dose of N, particularly at the time of sowing, such as pulses and other leguminous crops.

Review of key raw material required for manufacturing fertilizer

Fertilisers are composed of wide variety of nutrients

Natural gas, naphtha, fuel oil (nitrogenous fertilizers), phosphoric acid and rock phosphate (for phosphatic fertilizers) are the primary feedstock being used in the fertiliser sector. In the nitrogenous fertiliser segment, natural gas is increasing its share of total feedstock consumption due to cost and efficiency benefits. In case of phosphatic fertilizers, India is dependent on imports for both rock phosphate and phosphoric acid.

Natural Gas

Capacity additions, feedstock switching to drive demand from fertilizers sector

Natural gas demand declined to approximately 168 mmstd (million metric standard cubic meter per day) in Financial Year 2021 from 175 mmstd in the preceding year. The fertiliser, CGD and power sectors accounted for 80% of the total gas consumption of approximately 175 mmstd in Financial Year 2020. CRISIL Research expects natural gas demand to clock 6-7% compound annual growth rate (CAGR) between Financial Years 2021 and 2025 to 212-218 mmstd. Fertilisers is also likely to fuel demand in the long run owing to improved domestic gas supply and the government's policy/financial support. The conversion of naphtha-based urea plants, commissioning of new capacities under the New Urea Investment Policy, and the revival of urea plants are expected to drive gas demand from the fertiliser sector.

Limited pipeline infrastructure prevents increased gas usage

Absence of pipeline infrastructure in certain parts of the country is limiting natural gas usage by the fertiliser sector. As a result, 3 urea units are still running on naphtha which are comparatively much more costly.

Naphtha

Shift to natural gas in fertiliser sector led to decline in demand for naphtha

The fertiliser sector share in naphtha consumption has declined from close to about 41% in Financial Year 2013 to 7% in Financial Year 2015 following increased natural gas usage due to the regulations adopted by the Government, which made it mandatory for the urea plants to switch to natural gas from naphtha. Three plants viz. SPIC (Tuticorin), Mangalore Chemicals and Fertilisers, and Madras Fertilisers which were running on naphtha as a feedstock for manufacture of urea got converted or are about to get converted to natural-gas based plants in the ongoing Financial Year.

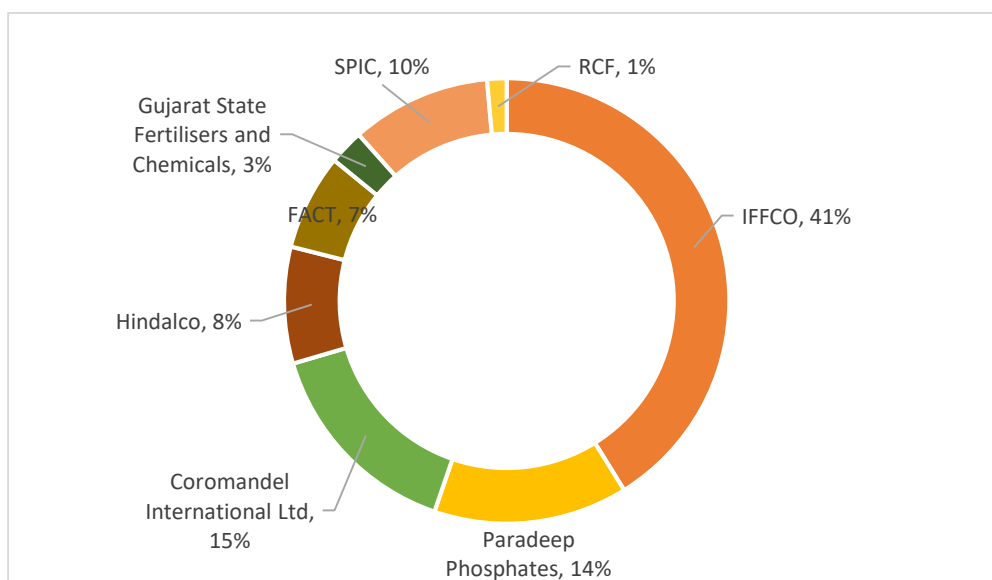
Phosphoric acid

Phosphoric acid is the key raw material used to produce the major phosphatic fertilizers, single super phosphate (SSP) and di-ammonium phosphate (DAP). Companies either purchase phosphoric acid, or produce phosphoric acid using rock phosphate and other inputs.

Majority of phosphoric acid requirement imported

Nearly 43% of phosphatic fertiliser capacities are based on utilizing imported phosphoric acid, while the balance 57% is based on captive production of phosphoric acid using rock phosphate and sulfuric acid. Around 61% of the phosphoric acid demand i.e. 2.4 million tonnes was imported by the fertiliser industry during Financial Year 2020. Domestic production during the year was 1.6 million tonnes which translates into an utilization rate of 70-75%. As of Financial Year 2020, total domestic installed capacity stood at 2.1 million tonnes. IFFCO is the largest player accounting for more than 40% share of these capacities while Coromandel International and Paradeep Phosphates followed second and third respectively with around 15 and 14% share respectively.

Player-wise breakup of Phosphoric Acid production capacities in India (Financial Year 2020)



Source: Fertilizer Association of India (FAI), CRISIL Research

Rock Phosphate

Rock phosphate is the basic raw material used to make SSP and DAP. Smelting rock phosphate with sulfuric acid, sulfur, nitric acid, pyrites or smelter gases produces phosphoric acid.

Imports of rock phosphates have seen steady growth due to demand from complex fertilizers

Imports of rock phosphate have been going up since 1995-96 due to the higher growth in demand for complex fertilizers. In Financial Year 2020, rock phosphate imports was 7.7 million tonnes. Imports are mainly sourced from Jordan, Togo, Egypt, Peru and Morocco which accounts for over 90 per cent of total imports.

Ammonia

Share of imports in Ammonia consumption has increased over the last few years

Ammonia is a primary raw material for nitrogenous fertilizers. Ammonia is produced domestically as well as imported from international markets. Ammonia production has been steady in over the years. In Financial Year 2020, total domestic ammonia production stood at 14.4 million tonnes whereas imports were at 2.6 million tonnes. However, during the period from Financial Year 2003 to 2020, the share of imports has increased from 11.4% to 15.4%.

Sulphur

Imports of Sulphur have declined over the last few years

Sulphur is another key raw materials used in manufacturing of fertilizers. Strengthening of domestic low-cost production has led to subdued level of imports in recent years. Total imports of Sulphur declined to approximately 1.2 million tonnes in Financial Year 2020 from approximately 1.8 million tonnes in Financial Year 2003.

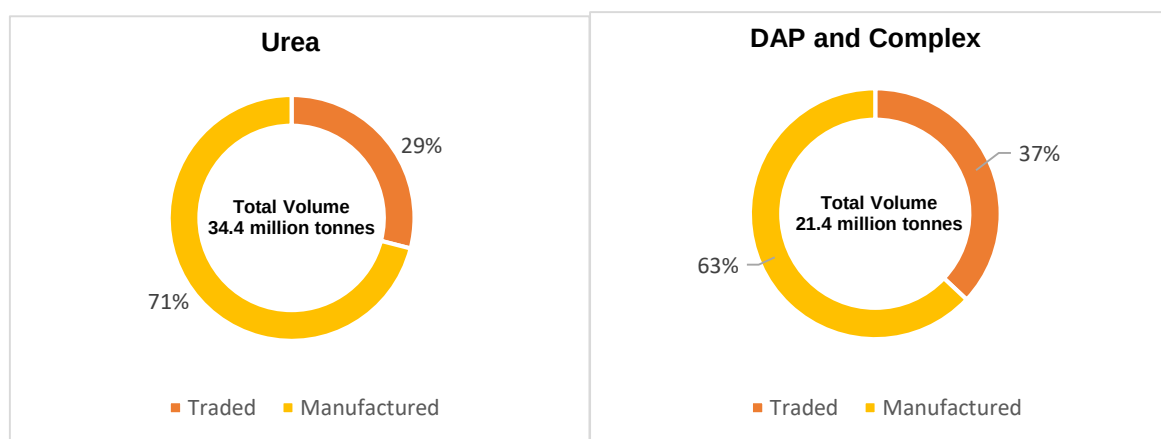
Overview of the domestic fertilizer industry

Heavy dependence on imported fertilizers due to insufficient capacities

While India is one of the largest fertiliser consumer in the world, it is also one of the major importers around the globe, on account of lower capacities compared to consumption. While the demand for urea has remained around 30 million tonnes over the past few years, its capacities have remained more or less stagnant at around 22-24

million tonnes. Moreover, India does not have any manufacturing capacities for MOP. As a result, the country is highly dependent on import of fertilizers.

Breakup between manufactured and traded fertilizer volumes (Financial Year 2021)



Source: Fertilizer Association of India (FAI), Mobile Fertilizer Management System (mFMS), CRISIL Research

Vulnerability to fluctuations in international fertilizers and raw material prices

Indian fertiliser industry is not only dependent on imported fertilizers, but for imports of raw materials as well. However, requirement of imported raw materials varies from company to company, depending upon the product mix. On account of this, Indian fertiliser industry is highly vulnerable to the fluctuations in the international prices of key raw materials such as rock phosphate, phosphoric acid, ammonia, Sulphur, sulfuric acid etc.

While for urea players, the entire rise in costs is pass-through by government in the form of subsidy, complex players are more vulnerable as the subsidy provided to them is nutrient-based (fixed). Although the retail prices of complex fertilizers are market driven w.e.f. April 1st, 2010, offsetting the rise in raw material cost by hiking price at similar levels is not possible, as this would result in subdued demand.

Production is energy intensive

The fertiliser industry, especially the nitrogenous fertiliser segment, is energy intensive. Energy sources are used not only as feedstock, but also to meet the power and fuel requirements of the industry. As feedstock, these are used to produce ammonia, which is then converted into nitrogenous fertilizers. The material cost, and the power and fuel expenses of the nitrogenous fertiliser segment constitutes more than 70-75% of the total production cost. Most plants are set up near feedstock sources to maximize locational advantages.

Access to technology remains a key concern for the industry

Access to technology is a major constraint in the fertiliser industry, since the technology needed to manufacture major fertilizers is domestically unavailable. For instance, there is no domestic capability in the urea plant for gasification or for ammonia synthesis loops in ammonia production. Consequently, the basic process designs in the fertiliser industry have been licensed. Ammonia, urea and phosphatic plants operate on established international technologies. Moreover, technology acquisition costs are high due to supplier limitations worldwide. The preferred technology suppliers for Indian plants have been Haldor Topsoe, followed by ICI, Shell and Kellogg. Among urea plants, Snamprogetti and Montedison have been the main licensors.

Sector is capital intensive

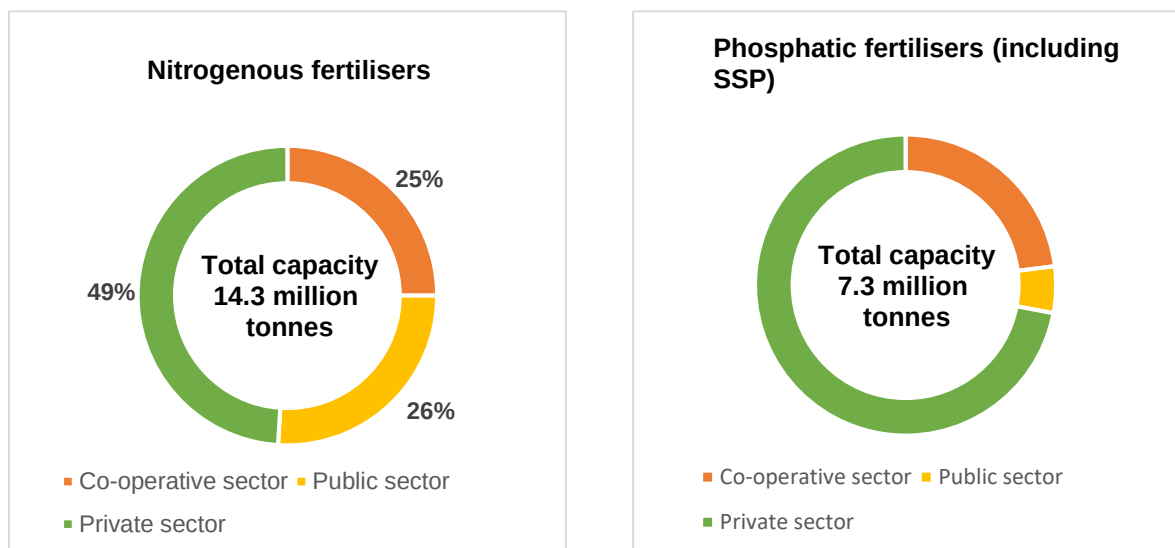
The fertiliser industry like other manufacturing industries is highly capital intensive. The average cost of setting up a greenfield urea project is approximately ₹40,000 to ₹45,000 per tonne (natural gas based). The average construction period for a new plant is 35-40 months.

Highly dependent on monsoon for demand growth

The most distinct characteristic of the fertiliser industry is its high dependence on monsoons for growth in demand. Typically, the demand for fertilizers picks up during seasons of good rainfall, which helps the companies improve their financial performance through volume growth. On the other hand, drought conditions lead to high inventory levels and a consequent decline in profits.

Private sector leads in capacity share

Sector-wise breakup of installed capacities (nutrient terms) (Financial Year 2020)



Source: Fertilizer Association of India (FAI), CRISIL Research

Overview of the government policies and regulatory framework for the fertilizer industry in India

Evolution and extent of regulation in the industry

Given the regulated nature of the industry, the government policies are an extremely important aspect of the Indian fertiliser sector. The extent of regulation though differs from category to category. The key aspects for different categories of fertilizers are given in the table below:

Different aspects of government policy

Aspect	Urea Regulated (Y/N)	Remarks
Capacity addition (expansion/new project/debottlenecking)	Y	As per new urea investment policy, permission is required for brownfield expansion, new projects as well as bottlenecking of plants
Production over 100	N	The reimbursement will be based on variable cost plus the lowest fixed cost of all the urea plants subject to cap of import parity price plus incident charges borne by government on import
Feedstock	Partly	Since November 2014, domestic prices has been linked to the certain benchmark gas prices. Gas prices will be determined on half-yearly prices at the hubs with one quarter leg

Aspect	Urea Regulated (Y/N)	Remarks
Distribution	Partly	Sales of 50 per cent production of the reassessed capacity are controlled. The manufacturer is allowed to sell the remaining 50 per cent on his own. Rail freight is paid on actual basis while road freight rates are escalated by WPI (composite index)
Import/Export	Y	Imports are allowed only through canalising agencies. Exports are permitted under license and gains have to be equally shared with the government
Pricing	Y	Farmers get urea at MRP, while producers get the subsidy from the government which is the difference between the concession price and the MRP

Source: CRISIL Research

New urea policy – 2015

In order to address players' concern for producing beyond RAC, in May 2015, the government came up with new urea policy, replacing the existing modified NPS stage III policy. It was initially applicable from June 1, 2015 to March 31, 2019. However, in April 2019, the Cabinet Committee on Economic Affairs announced the extension of this policy until further notice. Under this policy, there are two major changes that have been implemented compared to the previous policy.

Tighter energy consumption norms - Of the 30 total indigenous urea plants, the energy consumption norms for 25 plants has been revised with an intention to enhance efficiency as the energy consumed by majority of the players was lower than the preset norms of NPS-III. The calculation of arriving at new energy consumption norms for each unit is explained below:

Calculation to determine new consumption norms for each unit

$$\text{Revised Norms} = \text{Lower of } \left\{ \left[\text{Preset energy norms under NPS III} \right] \text{ OR } \text{Average of } \left[\left(\text{Average annual energy consumption during FY12, FY13 \& FY14} \right), \left(\text{Preset energy norms under NPS III} \right) \right] \right\}$$

Source: Department of Fertilizers, CRISIL Research

Amendment to New Urea Policy 2015 - In March 2017, the amendment to New Urea Policy 2015 approved by the cabinet. The ceiling imposed on production beyond RAC during 2016-17, was raised so as to enable all urea units to produce additional production which otherwise were not able to do so due to low import parity price.

During March 2018, under the new urea policy, the Department of Fertilisers (DoF) revised the energy norms under the new urea policy. The energy norms were extended further to ensure easy availability of urea to farmers and help maximize the indigenous urea production and reduce the import of urea.

Gas price pooling - In March 2015, the CCEA had approved a proposal to pool or average out prices of domestically available natural gas and the expensive imported liquefied natural gas (LNG) used by fertiliser plants. It was made effective from July 1, 2015. This scheme was intended at making the cost of gas uniform across all the plants.

Under this, the pooled gas price for period between Financial Years 2016 and 2018 was being computed based on the requirements of the existing urea plants including the conversion plants as and when the pipeline connectivity is established. Post Financial Year 2019, pooling of gas is estimated to have been computed after considering the requirements of existing units as well as the proposed brownfield/greenfield units.

Mandatory neem coating of urea

The government has made it mandatory for all domestic producers of urea to produce 10% as neem coated urea with the objective of promoting the balanced use of fertilizers. Entire quantity of indigenous and imported urea is being neem coated w.e.f. 1st September, 2015 and 1st December, 2015 respectively.

NBS Policy for P & K Fertilizers

Overuse of one particular fertiliser can result in loss of soil fertility over a period of time and the situation is not conducive for increasing agricultural productivity to meet the food requirements of the huge population of a country like India. In India, the consumption of urea was almost 50% more than the consumption of P&K fertilizers. In order to tackle these issues, the government introduced a subsidy regime that is nutrient based rather than product based in order to reverse the skew in favor of Nitrogen and encourage use of Phosphorus and Potassic fertilizers.

The Nutrient Based Subsidy (NBS) policy for P & K fertilizers was implemented by the government w.e.f. 1st April 2010. NBS policy entails providing subsidy at nutrient level, which the government announces on an annual basis. Currently, 21 grades of P & K fertilizers viz. DAP, SSP, MOP, etc. and 15 grades of NPKS complex fertilizers are covered under this policy. As per this, retail price of P & K fertiliser are kept at the discretion of the manufacturers. In April 2020, the CCEA slashed the subsidy on non-urea fertilisers amidst outbreak of COVID-19 to ease the subsidy burden. NBS rates of all nutrients were reduced by the government.

In April 2021, domestic non-urea fertiliser manufacturers undertook price hikes for di-ammonium phosphate (DAP) and other complex fertilisers because of an increase in raw material prices. As a result, the retail price of a bag (50 kg) of DAP rose to ₹ 1,900 compared with ₹ 1,200 prevailing until March. Then on 19th May 2021, the government announced its plan to increase subsidy on DAP to ₹ 1,200 per bag from ₹ 500 per bag. And on May 20, it also hiked the NBS rate for phosphorous (P) content to ₹ 45.324 per kg from ₹ 14.888 per kg earlier. The revised NBS rates for DAP and other complex fertilisers will be effective May 20 through October 31 this year. The NBS rates for other nutrients such as nitrogen (N), potash (K), and Sulphur (S) remain unchanged.

Thus, subsidy on DAP has been raised by 137%, and for other complexes by up to 204%, based on the type of complex fertiliser. Farmers will now be able to purchase a bag of DAP (50 Kg) at old rates (₹ 1,200) with effect from May 20, 2021, compared with ₹ 1,900 seen in April 2021.

Trend in nutrient-wise NBS rates

Nutrient	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22*	FY22 Revised rates**
N	20.9	20.9	20.9	15.9	19.0	18.9	18.9	18.8	18.8	18.8
P	18.7	18.7	18.7	13.2	12.0	15.2	15.2	14.9	14.9	45.3
K	18.3	15.5	15.5	15.5	12.4	11.1	11.1	10.1	10.1	10.1
S	1.7	1.7	1.7	2.0	2.2	2.7	3.6	2.4	2.4	2.4

Note: *-Previous rates for Financial Year 2022, ** -Applicable between 20th May 2021 to 31st October 2021

Source: FAI, CRISIL Research

Fertilizers Covered under NBS - At present 21 grades of P&K fertilizers namely DAP, MAP, TSP, MOP, Ammonium Sulphate (produced by M/s FACT), SSP and 15 grades of NPKS complex fertilizers are covered under the NBS Policy with following NPKS ratios:

Fertilizer grades covered under NBS subsidy

Name of fertilizers	NPKS ratio/Nutrient content
DAP	18-46-0-0
MOP	0-0-60-0
SSP	0-16-0-11
NPS	20-20-0-13
NPK	10-26-26-0

Name of fertilizers	NPKS ratio/Nutrient content
NP	20-20-0-0
NPK	15-15-15
NP	24-24-0-0
AS	20.5-0-0-23
NP	28-28-0-0
NPK	17-17-17
NPK	19-19-19
NPK	16-16-16-0
NPS	16-20-0-13
NPK	14-35-14
NPS	24-24-0-8
MAP	11-52-0-0
TSP	0-46-0-0
NPK	12-32-16
NPK	14-28-14
NPKS	15-15-15-09

Source: FAI, CRISIL Research

Additional Subsidy for Micro-Nutrients Under NBS - Under the policy, any variant of the subsidized P&K fertilizers with secondary and micronutrients (except Sulphur 'S'), as provided for under FCO, is also eligible for subsidy. There is separate additional subsidy for micronutrients namely Boron and Zinc. The secondary and micronutrients (except 'S') in such fertilizers attracts a separate per tonne subsidy to encourage their application along with primary nutrients.

Import of subsidized P&K fertilizers - Import of all the subsidized P&K fertilizers including complex fertilizers has been placed under Open General License (OGL). NBS is available for imported complex fertilizers also except Ammonium Sulphate. However, in case of Ammonium Sulphate (AS) the NBS is applicable only to domestic production by M/s FACT.

Freight Subsidy for NBS Covered P&K Fertilizers - In addition to NBS, subsidy for primary freight movement of the decontrolled fertilisers (except SSP) by rail and road and coastal shipping / inland shipping is being provided to enable wider availability of fertilisers even in the remotest places in the country.

MRP of NBS covered P&K Fertilisers - Under the Policy, MRP of P&K fertilizers has been left open and fertiliser manufacturers/marketers are allowed to fix the MRP at reasonable rates. In effect, the domestic prices are determined by demand supply mechanism. Companies are allowed to fix the MRP on their own. The intention behind introduction of NBS was to increase competition among the fertiliser companies to facilitate availability of diversified products in the market at reasonable prices.

As a result of payment of subsidy, farmers are paying less than MRP for P&K fertilizers compared to what it would have been without subsidy. Though the market price of subsidized fertilizers, except Urea, is determined based on demand-supply dynamics, the fertilizer companies are required to print Retail Price (RP) along with applicable subsidy on the fertilizer bags clearly. Any sale above the printed MRP is punishable under the EC Act. MRP is fixed by fertilizer companies as per market dynamics which is monitored by the Government. Since, P&K fertilizers are decontrolled and the MRP is fixed by fertilizer companies as per cost of production/ import at reasonable level and thus can have fix different prices in different markets. Thus, location of the manufacturing facility, proximity to ports and other transport infrastructure as well as distribution network are key to players' growth strategy.

Freight subsidy

The Department of Fertilizers announced the Uniform Freight Policy (UFP) with effect from April 1, 2008 vide notification dated July 17, 2008 with an objective to ensure the availability of fertilizers in all parts of the country, especially distant/remote corners of the country.

Features of freight subsidy

Type of Movement, Definition & Coverage		Subsidy Amount
Primary Movement It refers to direct movement of subsidized fertilizers by rail and/or coastal shipping/inland water transportation including road bridging up to final destination or by any or two or by all three modes of transportation from plant or port to various rake points of districts. Admissible for Urea and all subsidized P&K fertilizers excluding SSP.	By Rail - From plant/port to rake point (up to 1400 km)	Actual freight is paid on Railway Receipt (RR)
	By Road - From Plant/Port to Block- HQ (up to 500 km). (Transportation through Coastal / Inland waterways is also permitted)	Freight amount calculated for the month based on PTPK slab rates; OR the actual expenditure incurred by the company during the month, duly certified by company's statutory auditors, whichever is lower
PTPK Slab rates are notified based on the recommendations of Tariff Commission. Further, the freight on primary movement of all P&K fertilizers is on the basis of actual rail freight w.e.f. 01-04-2012.		
Secondary Movement It refers to movement from nearest rake point to District / Block-HQ Admissible for Urea only	By Road – From nearest railrake point to District / Block-HQ	Freight subsidy is calculated on the basis of lead distances (average of distances in the district) and normative per tonne per kilometre (PTPK) rate and paid on monthly basis (or) actual freight whichever is lesser

Source: MoCF, CRISIL Research

Based on the recommendations of Tariff Commission, the slab-wise rates in respect of primary road movement up to 500 km were notified for the Financial Year 2008-09. These rates are escalated/ de-escalated for each financial year and notified accordingly. Department of Fertilizers had issued Normative Per tonne per Km Transportation Rates for the year 2007-08, 2008-09 and 2009-10 based on recommendations made by Tariff Commission in the case of secondary movement of fertilizers from unloading rake point to retail point in September, 2011. The escalated/de-escalated PTPK rate for road transportation in the case of secondary movement of fertilizers are notified by Department of Fertilizers annually.

The key players currently engaged in the industry have their plants located strategically to leverage on this freight subsidy available from the government in order to cater to newer and larger markets/ states. These players already have plants located in the states which are significant in terms of fertiliser demand. However, with the freight subsidy available for distances as long as 500 km (in case of road) and 1,400 km (in case of rail), they can reach markets which otherwise would have been difficult to compete in considering the intense competition with respect to pricing.

Direct Benefit Transfer

The primary objective of introducing DBT was to increase transparency, reduce leakages of benefits and increase efficiency of the social security programs.

The Government introduced Direct Benefit Transfer (DBT) system in Fertilizers w.e.f. October 2016. Under the fertilizer DBT system, 100% subsidy on various fertilizer grades is released to the fertilizer companies on the basis of actual sales made by the retailers to the beneficiaries. Sale of all subsidized fertilizers to farmers/buyers is made through Point of Sale (PoS) devices installed at each retailer shop and the beneficiaries are identified through Aadhaar Card, KCC, Voter Identity Card etc. Pan-India Roll out was completed by March, 2018.

Under DBT, the fertilizer sales are being done through the PoS devices installed at retail points across the country. The cost of installation and maintenance PoS devices and other IT related equipment is borne by the Fertilizer companies out of the incentive of ₹ 50/MT allowed by the Government for acknowledging the receipt of Fertilizers through Fertilizer Monitoring System (iFMS).

Integrated Fertilizer Management System for monitoring the sale of fertilizers

DOF has developed an IT-enabled system viz., Integrated Fertilizer Management System (iFMS), which captures end-to-end details of fertilizer in terms of production, movement, availability, requirement, sales, subsidy bill generation to subsidy payment to fertilizer companies.

Difference between earlier process and DBT Model

Earlier Process	DBT
Data tracked by Mobile Fertilizer Management System (mFMS) only till wholesaler level; no online tracking of data at the retailer's level	Data tracked directly at the retailer level through AADHAR-linked PoS machine
85-90% of subsidy paid on basis of receipt of bills at wholesaler level; remaining subsidy paid after retailer's acknowledgement	100% subsidy will be paid based on data recorded at the retailer level by the PoS machine
Lag of 45-60 days in subsidy payment after sale to wholesalers, as data not recorded electronically during the sale	Government intends to make subsidy payments within a week of sale recorded by PoS machine

Note: mFMS - Ministry of Chemicals & Fertilizers' Integrated Fertilizer Management System

Source: CRISIL Research

Soil Health Card scheme

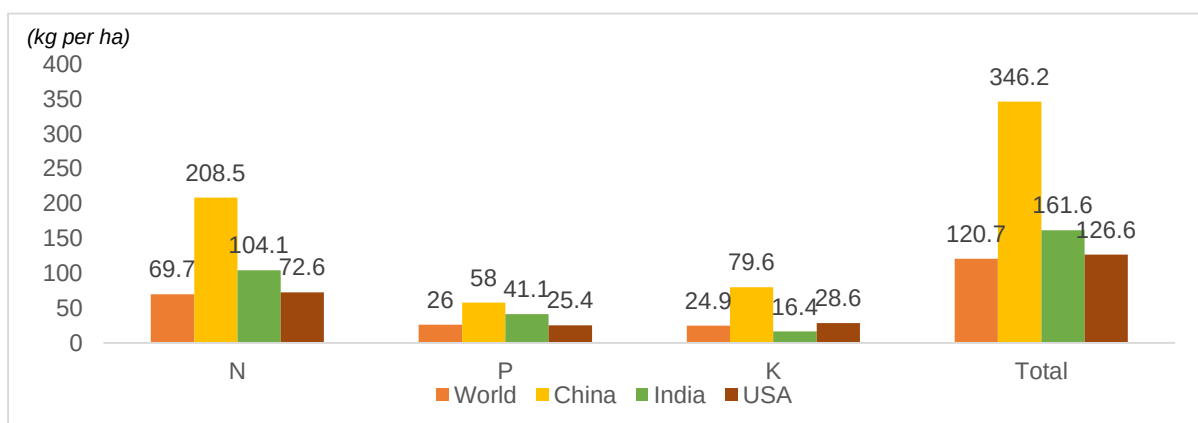
Government has been implementing Soil Health Card (SHC) Scheme since 2015 to provide soil health cards to all farmers across the country once in a cycle of 2 years. Soil Health Card provides information to farmers on nutrient status of their soil based on 12 parameters namely primary nutrients (N, P & K); secondary nutrient (S); micronutrients (B, Zn, Mn, Fe, & Cu); and others (pH, EC & OC) along with recommendations on appropriate dosage of nutrients to be applied for improving soil health and its fertility for major crops of the area. In cycle-1 (2015-17), 107.4 million and in cycle-2 (2017-19), 117.5 million SHCs were distributed to the farmers. Financial assistance is provided under Soil Health card (SHC) for imparting the farmer's trainings and field demonstrations on balanced use of fertilizers.

Assessment of fertilizer industry in India

Overview of the fertilizer consumption pattern

India consumes higher quantity of fertiliser per hectare of Arable Land and Land under Permanent Crops compared to global average

Comparison of India's fertiliser consumption per hectare of Arable Land and Land under Permanent Crops compared to other key markets and global average (2018)

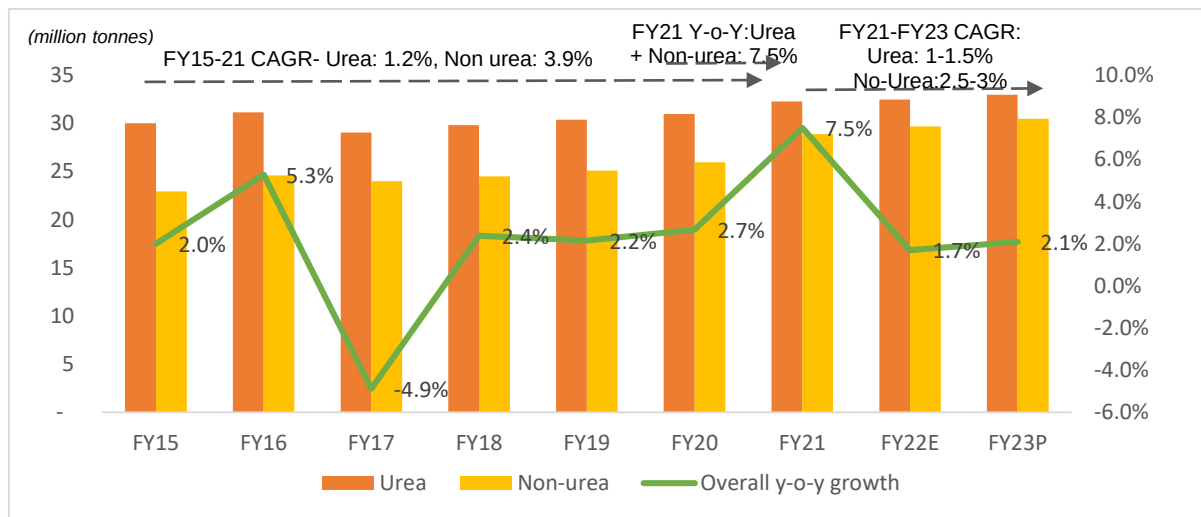


Source: FAI, FAO, CRISIL Research

Review and outlook of overall domestic fertilizer consumption

Demand growth in Financial Year 2021 was led by non-urea fertilisers

Trend and outlook on fertiliser consumption



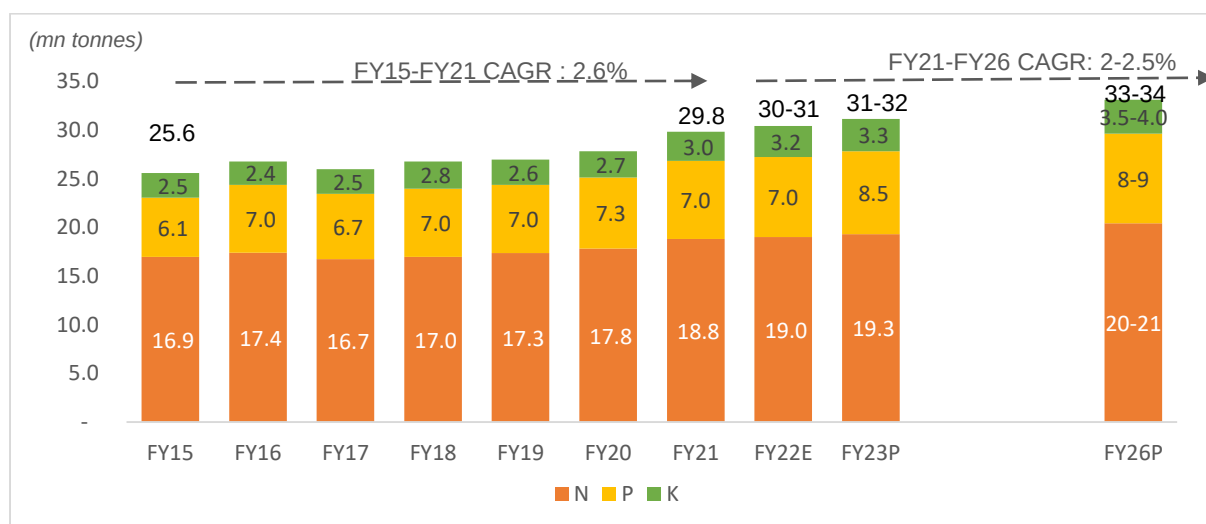
Source: FAI, FAO, CRISIL Research

Urea will continue to have a dominant share in fertilisers owing to higher preference among marginalized farmers (constituting approximately 45% based on holding size) and middle-income farmers. However, growth is expected to be much slower than the fifteen year growth of approximately 2.5% CAGR due to increasing awareness among farmers regarding soil fertility.

Fertiliser application efficiency to improve

The NPK ratio languished to 6.6:2.7:1.0 in Financial Year 2020 from 4.7:2.3:1 in Financial Year 2011 due to increased usage of urea over the years. However, the ratio improved significantly to 6.2:2.6:1.0 in Financial Year 2021 owing to increased consumption of non-urea fertilisers. Going ahead, the ratio is expected to improve to 5.8:2.6:1.0 by Financial Year 2026 led by government's efforts to increase awareness about soil fertility and higher adoption of fertiliser mixtures (complex fertilisers) instead of single-nutrient fertilisers. In spite of this, the ratio is likely to be much higher than the ideal NPK ratio (4:2:1) required for optimum soil productivity.

Share of products in fertiliser consumption



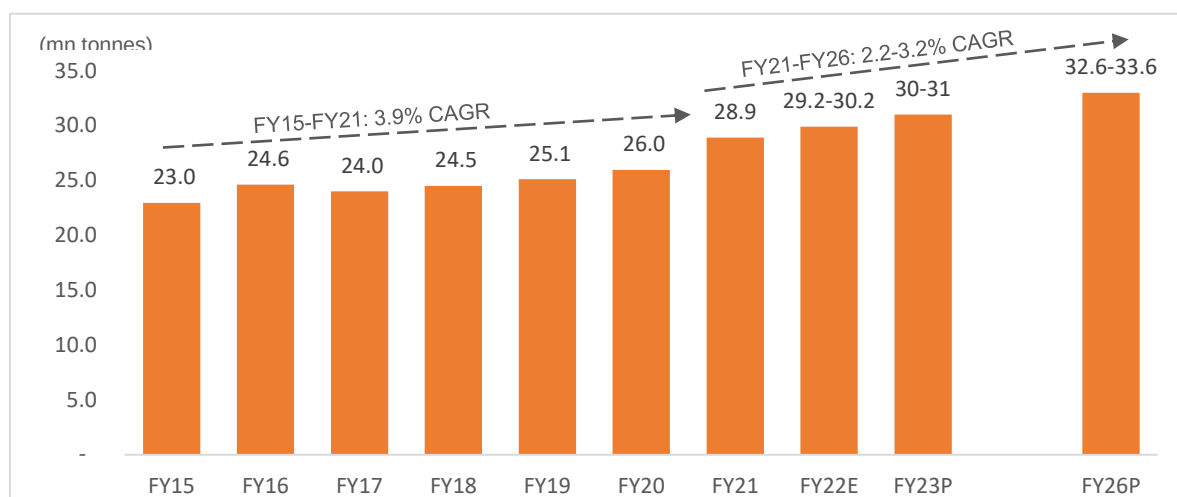
Note: E-Estimated, P-Projected

Source: Department of Fertilizers (DoF), CRISIL Research

Non-urea

Non-urea fertiliser demand to grow at a 2.2-3.2% CAGR over the next five years

Trend and outlook on non-urea fertilizer demand in India

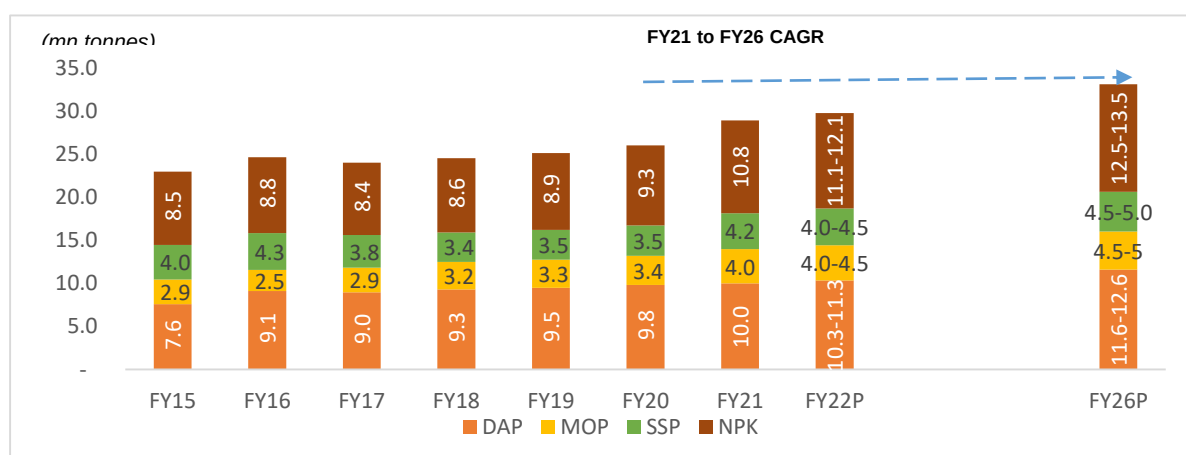


Note: E - Estimated, P - Projected
Source: FAI, CRISIL Research

Complex and DAP to lead non-urea segment growth over the next five years

During the preceding five years from Financial Year 2015 to Financial Year 2020, DAP was the fastest growing product within the non-urea segment. It grew at a CAGR of approximately 5.3% during the corresponding period; complex fertiliser came in second growing at approximately 3.3%. Over the next five years from Financial Year 2021 to Financial Year 2026, DAP and complex fertilizers are expected to continue to drive the segment growth along with complex fertilisers as India's production of crops like fruits and vegetables, sugarcane, cotton, etc. see a higher growth compared to the past.

Trend and outlook on non-urea product demand



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

Trend in import and production of non-urea fertilisers

(in million tonnes)	DAP		NPKS		MOP	SSP
	Production	Imports	Production	Imports	Imports	Production
FY17	4.4	4.2	8.5	0.4	2.8	3.9
FY18	4.6	4.3	8.8	0.5	3.5	3.9
FY19	3.9	6.9	9.5	0.7	3.0	4.1

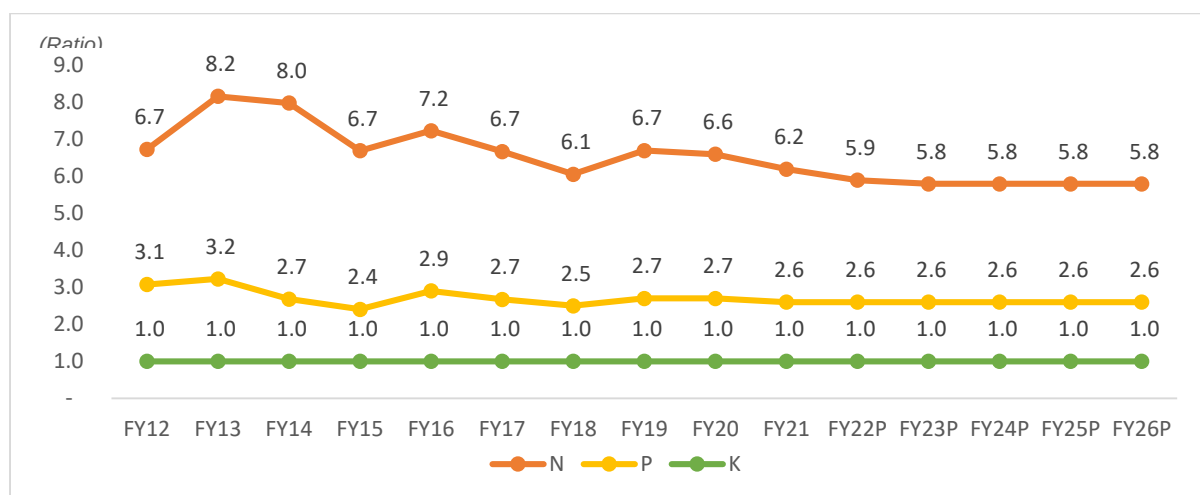
(in million tonnes)	DAP		NPKS		MOP	SSP
FY20	4.5	5.4	9.3	0.9	2.9	4.3
FY21	3.7	5.8	10.0	1.7	3.5	4.9

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

NPK nutrient ratio to improve at a moderate pace

Due to the government's efforts to improve soil fertility, coupled with the expected faster growth of non-urea fertilisers versus urea, CRISIL Research estimates that the NPK ratio will improve (i.e., the potash and phosphorus content in the mix will increase) during the next five years to 6.2:2.6:1.0 by Financial Year 2026 from ratio of 6.2:2.6:1.0 in Financial Year 2021.

Trend and outlook on NPK nutrient ratio



Note: E-Estimated, P-Projected

Source: FAI, CRISIL Research

Review of niche and value added products

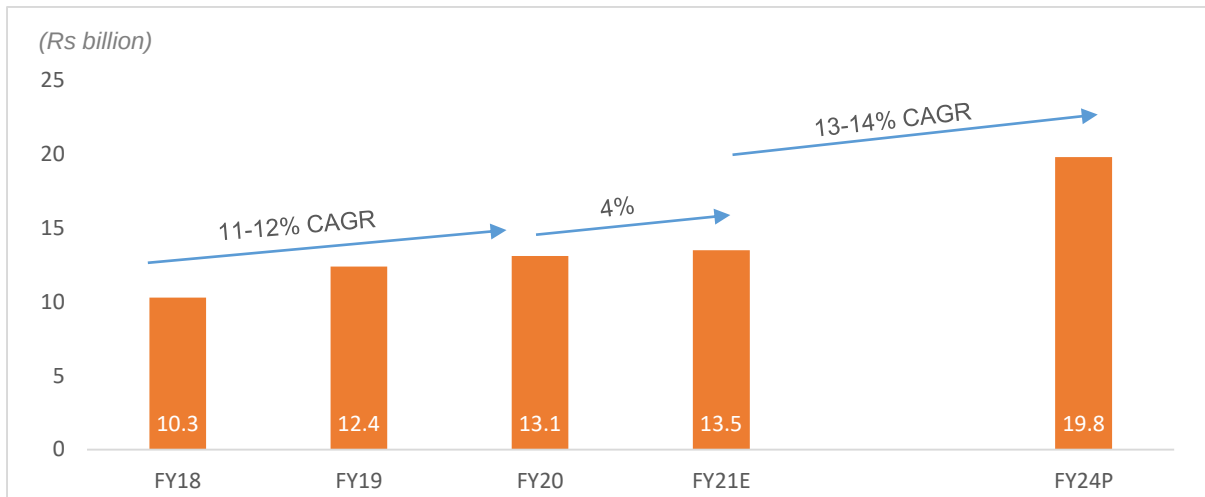
Growth of bio-fertilisers aided by increased focus on improving soil health

Biofertilizers are used as supplements to chemical fertilisers, and not as replacements. Unlike chemical fertilisers, these are not sources of nutrients but can help plants in accessing nutrients from the environment. These fertilisers aid in restoring soil's natural nutrients and build organic matter.

Bio-fertiliser industry to grow at 13-14% CAGR over next 3 Financial Years

The bio-fertiliser industry grew at approximately 10-15% compound annual growth rate (CAGR) between Financial Years 2018 and 2020. The expansion was driven by several factors, such as higher demand for organic food, increasing awareness among farmers about the benefits of bio-fertilisers, and support from the government and regulatory bodies through various policies issued for the production of bio-fertilisers.

Trend and outlook on bio-fertilizer industry growth



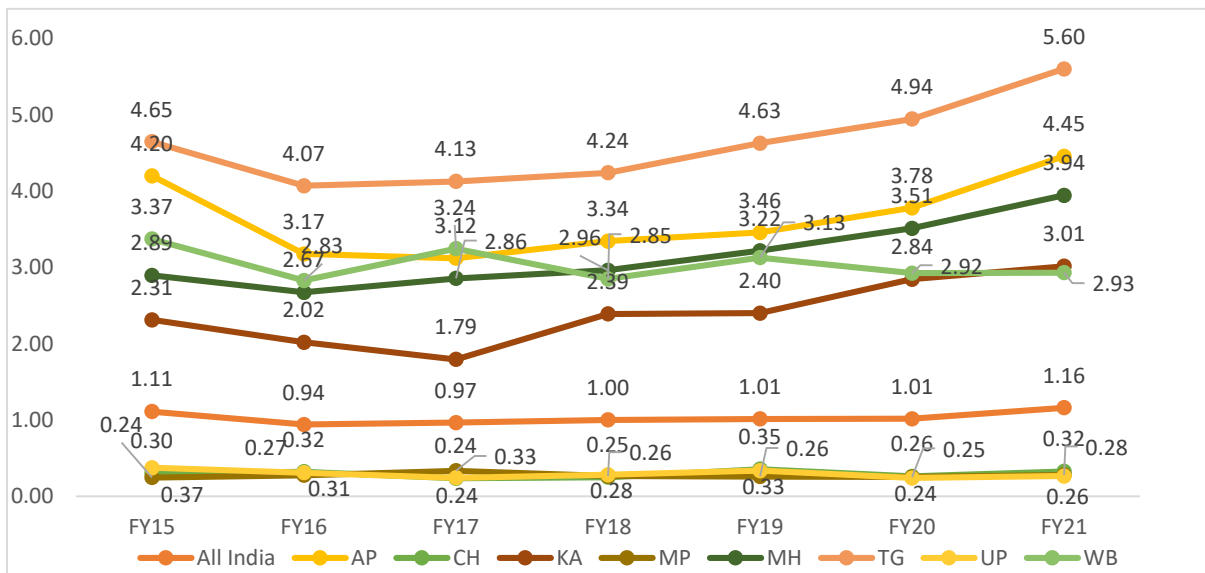
Note: E-Estimated, P-Projected

Source: FAI, CRISIL Research

Water soluble fertilisers are seeing growing traction over the last few years

Water Soluble Fertilisers (WSFs) have seen growing adoption in India over the last few years. These fertilisers are largely used in horticulture crops which have seen strong growth over the last few years. Efficient uptake of nutrients from soil and as result higher nutrient use efficiency to crop yield and economy of cultivation.

NPK/DAP fertilizers consumption ratio in some of the key states



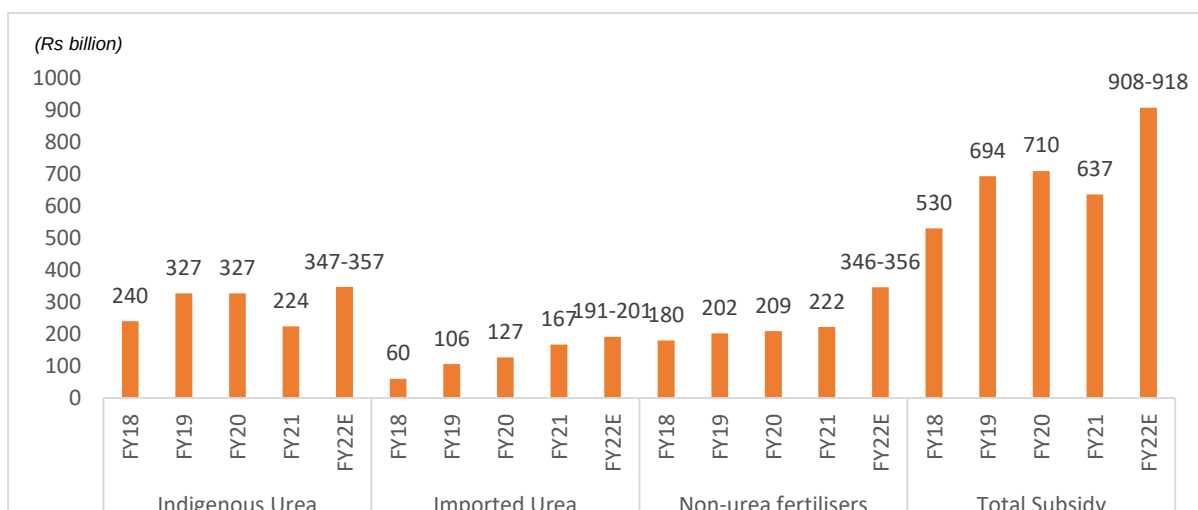
Note: AP-Andhra Pradesh, CH-Chhattisgarh, KA-Karnataka, MP-Madhya Pradesh, MH-Maharashtra, TG-Telangana, UP-Uttar Pradesh, WB-West Bengal

Source: mFMS, CRISIL Research

Review of government subsidy to the industry

Government subsidy bill to increase substantially in Financial Year 2022 owing to increased production and revised NBS rates

Trend in subsidy bill



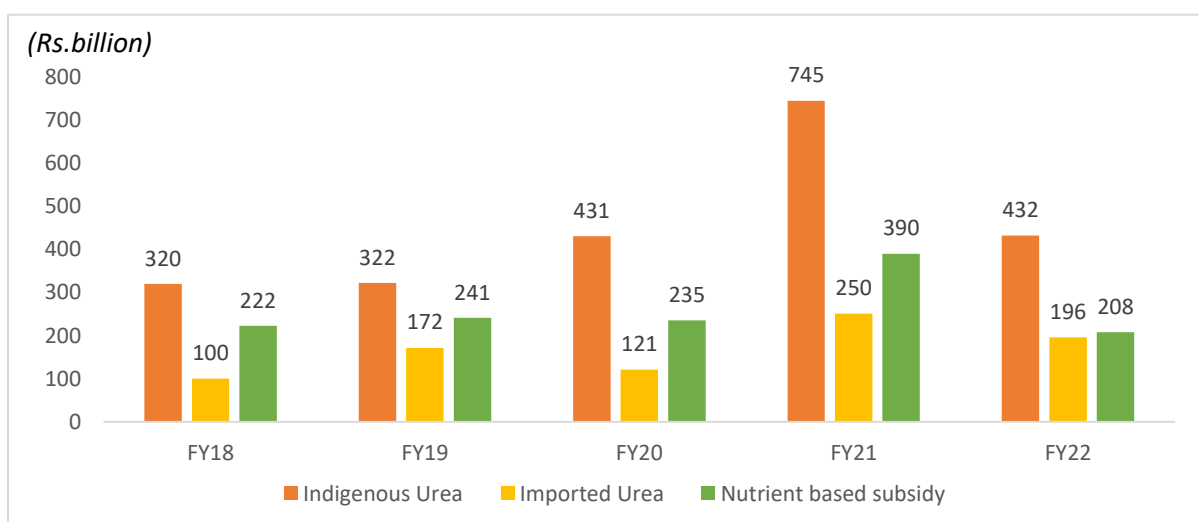
Note: E - Estimate

Source: FAI, DoCF, CRISIL Research

The urea segment is highly dependent on the government subsidy support as compared to the P&K fertilisers which are deregulated and receive subsidy basis their nutrient content. Thus, over the last few years, the share of urea in subsidy has increased significantly as compared to the P&K fertilisers. A higher subsidy helps urea segment sell more but also puts a strain on the players' working capital since the subsidy payments are usually disbursed in a delayed manner.

Trend in Subsidy Disbursement by Government

Trend in subsidy disbursement by government



Note: Number for Financial Years 2018, 2019 and 2020 are actual numbers whereas numbers for Financial Year 2021 and Financial Year 2022 are budgeted numbers. Financial Year 2021 numbers have been revised compared to budgeted numbers on account of fertilizer subsidy payment announced in Atmanirbhar package.

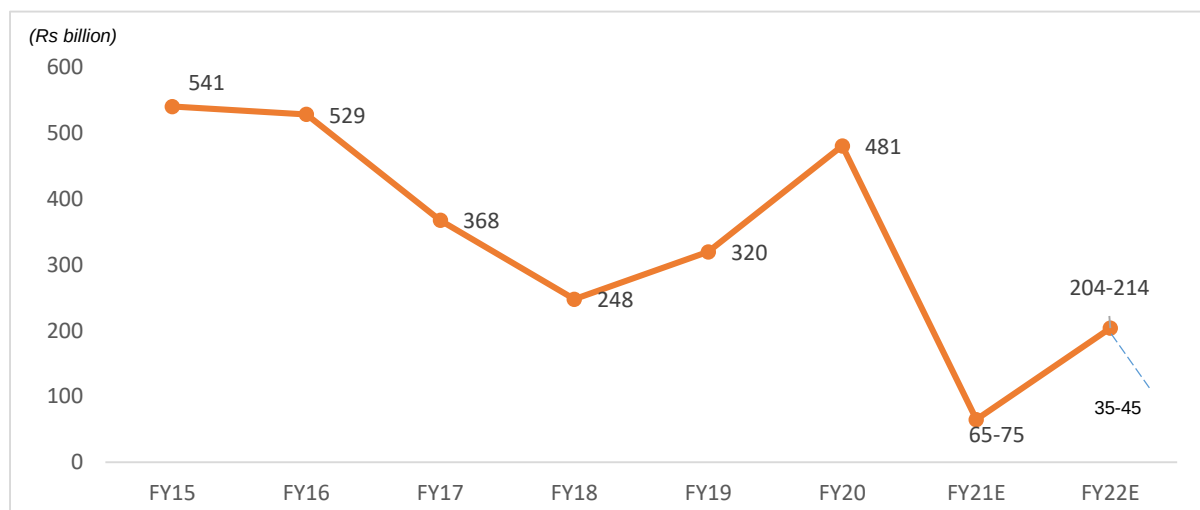
Source: Department of Chemicals and fertilizers, Budget Document of Indian Government, CRISIL Research

Roll-Over subsidy to increase in Financial Year 2022

As per CRISIL Research's calculations based on fertiliser consumption in the ongoing Financial Year, subsidy due would be approximately ₹ 913 billion. Resultantly, the total payment likely due for payment by the government in the current Financial Year would increase to ₹ 983 billion, including the rollover subsidy of ₹ 70 billion.

In CRISIL Research's base case, they expect the government to pay 82% of the allocated revised subsidy amount (₹ 943 billion). As a result, it is likely that the roll over subsidy for Financial Year 2022 would increase to ₹ 209 billion from ₹ 70 billion in Financial Year 2021. However, if the government decided to disburse the entire budgeted subsidy, roll over subsidy would come down to ₹ 40 billion in Financial Year 2022.

Trend in unpaid subsidy carried forward next year



Note: - - - - Subsidy amount carried forward when 100% of the subsidy allocation is disbursed

Source: FAI, DoCF, CRISIL Research

Industry marked by high working capital requirement; Urea players more at disadvantage compared to non-urea players

The fertiliser industry is characterized by an extended working capital cycle of 6-7 months, mainly because of delay in subsidy disbursement by the government. Although deregulation of non-urea fertiliser prices has augured well for the industry, the industry remains dependent on timely subsidy receipts.

Growth drivers for Fertilizer sector

Fragmentation of arable land resulting in higher cropping intensity key driver of fertilizer industry in India

With urbanization reaching all over the country, arable land has seen continuous decline. More farmers are using different inputs such as fertilizers to achieve the level of output with same or even lesser arable land, fertilizers will be extensively used.

Increase in per capita food consumption and dietary changes

Increased disposable income and better food security has resulted in increased food consumption. There has also been a dietary shift among rural and urban population. The consumption of cereals and pulses have seen declining trend whereas edible oils and animal food products have seen uptick in consumption. This rise in consumption is likely to put strain on agriculture sector.

Per capita rise in income and ease of credit availability drives fertilizer use among farmers

India have seen increase in per capita income in urban as well as rural area. The per capita income has increased from ₹ 63,462 in 2011-12 to ₹ 94,556 in the year 2019-20. Per capita income has registered a CAGR of 5.1% in the above period. Increase in income coupled with ease of credit availability in rural areas has motivated farmers to use farm inputs such as seeds, fertilizers and pesticides.

High subsidy support from the government

Many of the essential fertilizers in India are subsidized. Portion of the total price is borne by the government. Widely used fertilizers like urea is highly subsidized. Subsidy bill of government has steadily increased from

Financial Year 202017 to FY 2020 with a CAGR of 12.4%. The subsidy allocation in Financial Year 2021 including the allocation under Atmanirbhar 3.0 package stands at 1.36 trillion which is the highest amount in the recent years. The government provides subsidies to fertilizer considering its criticality to agriculture produce.

Assessment of phosphatic fertilizer segment

Overview of phosphatic fertilisers

Soils in tropical and subtropical regions have high P-deficiency

As per FAO reports, extensive tracts of land in the tropical and subtropical regions of Asia, Africa and Latin America contain highly weathered and inherently infertile soils. These areas generate low crop yields and are prone to land degradation as a result of deforestation, overgrazing and inadequate farming practices. In addition to socio-economic factors, the main constraints are soil acidity and low inherent N and P fertility. While N inputs can be obtained from organic sources, P inputs need to be applied in order to improve the soil P status and ensure normal plant growth and adequate yields. Tropical and subtropical soils are predominantly acidic and often extremely P deficient with high P sorption (fixation) capacities. Therefore, substantial P inputs are required for optimum growth and adequate food and fiber production.

Overview of raw materials for phosphatic fertilisers

Imports of rock phosphates have seen steady growth due to demand from complex fertilisers

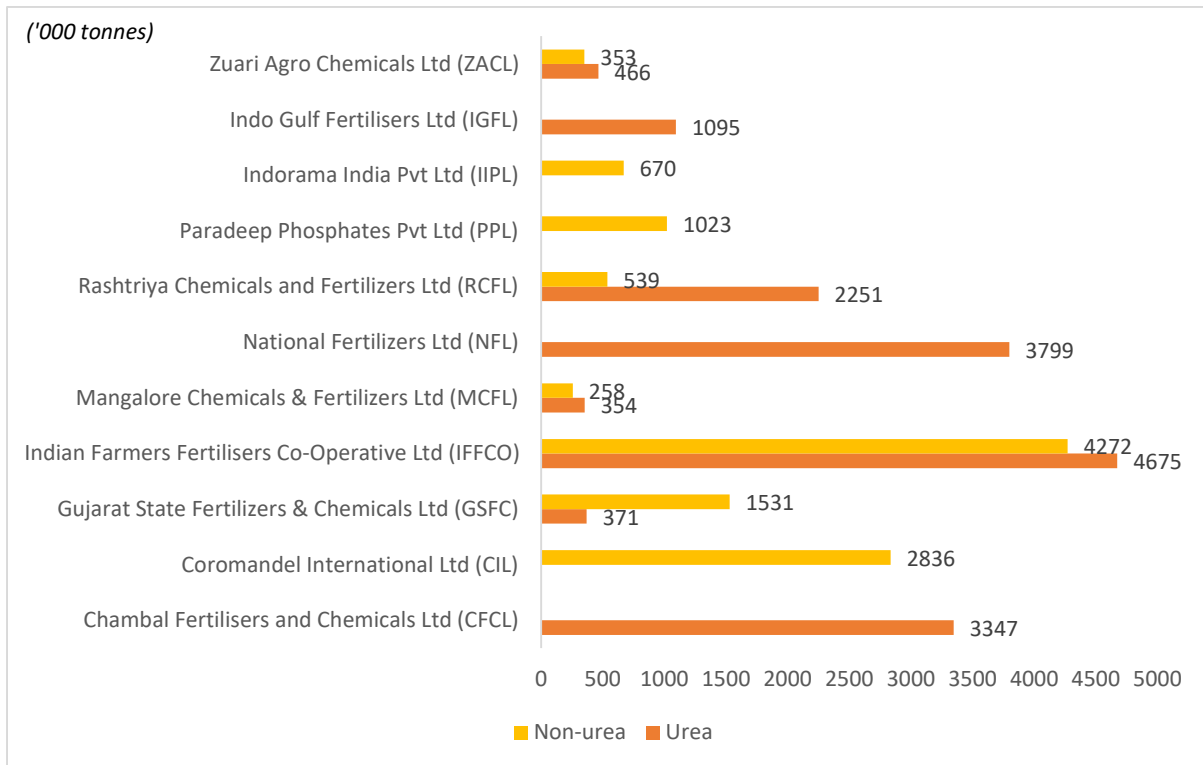
Four companies in India - Pyrites, Phosphates & Chemicals Ltd, Mussoorie; Rajasthan State Minerals & Metals, Jhamarkotra; Madhya Pradesh State Mining Corporation Ltd, Jhabua and Sagar; and West Bengal Mineral Development & Trading Corporation, Purulia manufacture rock phosphate. Reserves of Indian rock phosphate are concentrated mainly in Jharkhand, Rajasthan, Madhya Pradesh, and Uttar Pradesh. Though the production of rock phosphate has been rising over the years, it has still fallen short of demand. Consequently, imports of rock phosphate have been going up since 1995-96 due to the higher growth in demand for complex fertilisers. In Financial Year 2020, rock phosphate imports was 7.7 million tonnes. Imports are mainly sourced from Jordan, Togo, Egypt, Peru and Morocco which accounts for over 90 per cent of total imports.

Assessment of competition in fertilizer industry in India

Key operational parameters of major players

Among the peer set considered, PPL among top four players in India in terms of production for non-urea segment after IFFCO and CIL and GSFC

Breakup of production volume of key players in terms of Urea vs. Non-urea (Financial Year 2021)



Note: Non-Urea Volume Includes DAP and NPK complexes fertilizers

Source: mFMS, CRISIL Research

PPL had production output of approximately 1 million tonnes of DAP and NPK fertilisers

Overview of product-category-wise production of key players

('000 tonnes)

Name of the player	FY16			FY21		
	Urea	DAP	Comple x	Urea	DAP	Comple x
Chambal Fertilisers and Chemicals Ltd (CFCL)	2,126	-	-	3,347	-	-
Coromandel International Ltd (CIL)	-	288	2,110	-	183	2,654
Gujarat State Fertilizers & Chemicals Ltd (GSFC)	361	370	710	371	566	965
Indian Farmers Fertilisers Co-Operative Ltd (IFFCO)	4,668	1,673	2,294	4,675	1,924	2,348
Mangalore Chemicals & Fertilizers Ltd (MCFL)	379	110	95	354	116	142
National Fertilizers Ltd (NFL)	3,798	-	-	3,799	-	-
Rashtriya Chemicals and Fertilizers Ltd (RCFL)	2,550	-	-	2,251	-	539
Paradeep Phosphates Pvt Ltd (PPL)	0	562	758	-	639	384
Indorama India Pvt Ltd (IIPL)	0	57	414	-	223	447
Indo Gulf Fertilisers Ltd (IGFL)	1,208	-	-	1,095	-	-
Zuari Agro Chemicals Ltd (ZACL)	400	136	508	466	-	353

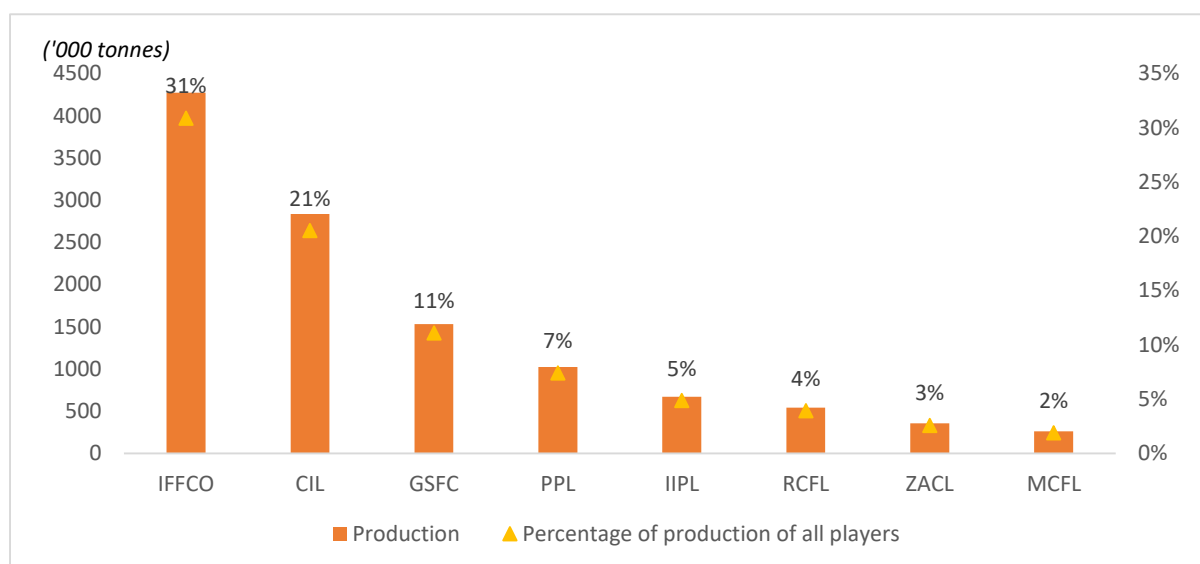
Source: mFMS, CRISIL Research

Most players market their products across categories under one/ two brands; PPL sells its products under 'Navratna' brand

Most of these brands are strong in specific states/ regions where the players have their production facilities located and have strong distribution network; thus, most of these are region/ state-level rather than pan-India brands. IFFCO, Uttam (CFCL), Kisan (NFL), Sufala and Ujwala (RCF) are some of the largest selling brands in the urea space. IFFCO, Gromor (CIL), Navratna (PPL) and Jai Kisaan (ZACL) are some of the largest selling brands in the non-urea space.

PPL is the fourth largest player in non-urea segment in India in terms of production volume among peers considered; third largest private sector player behind CIL and GSFC

Non-urea production volume of major players (Financial Year 2021)



Note: Non-Urea Volume Includes DAP and NPK complexes fertilizers

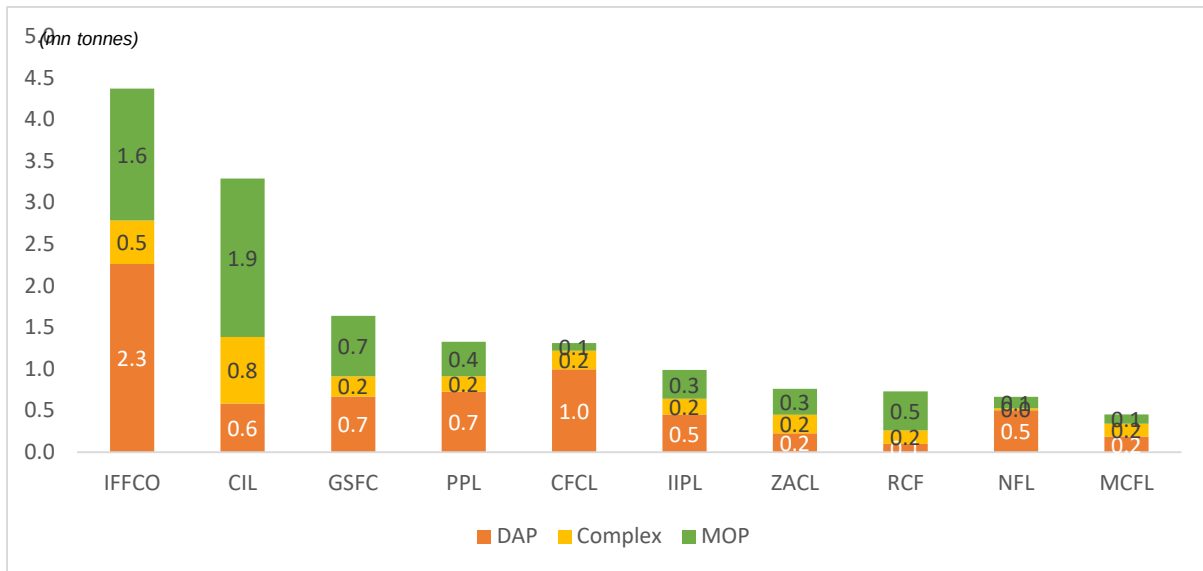
Source: mFMS, CRISIL Research

Among private sector players, CIL with 2.8 million tonnes of production volume leads the pack followed by GSFC with production volume of 1.5 million tonnes, PPL which comes in at third place with 1.0 million tonnes of production volume in Financial Year 2021 for non-urea segment.

Following the completion of acquisition of ZACL's Goa plant, as per Financial Year 2021 production volume, PPL and ZACL Goa are expected to become eighth-largest bulk fertilizers manufacturing company in India and 4th largest Private company in Bulk fertilizers manufacturing in India.

IFFCO sold the largest non-urea volumes followed by CIL; PPL is the third largest private player in terms of non-urea and second largest DAP players in terms of volume sales

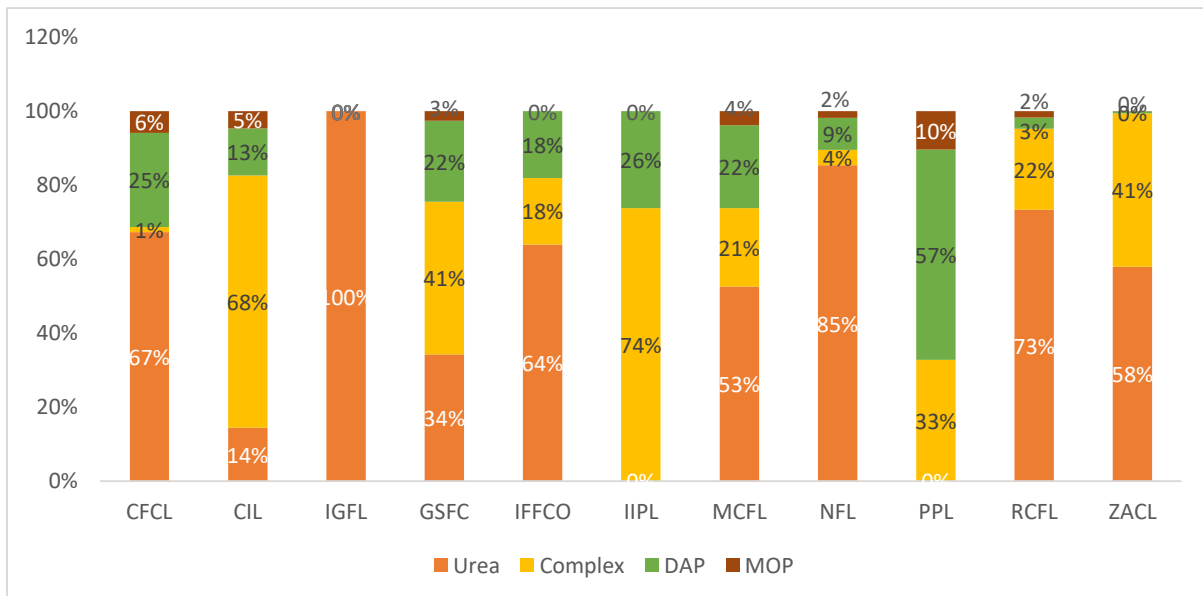
Non-urea volumes sold by key players (Average Financial Years 2018-21)



Source: Company annual reports, investor presentations, mFMS, CRISIL Research

Non urea accounts major share of volumes sold by private players like CIL, GSFC, PPL, IIPL and ZACL; Urea accounted for major share of volumes sold by public sector players

Product category-wise segmentation of volumes sold by key players (Financial Year 2021)



Source: Company annual reports, investor presentations, mFMS, CRISIL Research

On the other hand, private sector players like CIL, GSFC and PPL largely sell Phosphatic and Complex fertilisers which come under the nutrient based subsidy scheme and thus are not as regulated as urea which allows private players to innovate on their products and fix prices based on market dynamics prevalent in the markets.

Most of the players trade in both urea and non-urea products. Usually, players tend to start with urea to gain entry into the market and then enter into phosphatic and complex fertiliser segments by leveraging on their established Urea brand. These players either manufacture non-urea products on their own or import and then trade in India.

Similarly, pure Phosphatic or complex players also trade in urea since it helps grow their brand equity and reach and leverage on their existing distribution network. Also, since the subsidy amount for traded and manufactured fertilisers is same, it makes economic sense for these players to trade in urea.

Private players like CIL, PPL and ZACL have strong distribution networks

Distribution network of key players in the industry

	No. of states operating in	No. of depots	No. of wholesalers
CFCL	16	-	4,796
CIL	15	1,497	7,452
IGFL	8	-	825
GSFC	15	221	2,217
IFFCO	25	203	5,237
IIPL*	17	-	2,565
MCFL	5	95	2,451
National Fertilizers Limited	15	-	5,098
PPL	15	37	4,969
RCFL	24	-	5,715
ZACL	19	179	6,047

Note: As per mfms website accessed in July 2021.

Source: Company annual reports, investor presentations, Mobile fertilizer and management system (mfms), CRISIL Research

IFFCO dominates complex fertiliser segment across regions; PPL and ZACL combined had a considerable market share across regions in the Financial Year 2021

Region-wise top players in complex segment (Financial Year 2021)

FY21		
	Player	Market Share
East	IFFCO	29%
	IIPL	27%
	CIL	21%
	PPL + ZACL Goa	8%
South	CIL	37%
	FACT	21%
	IFFCO	10%
	PPL + ZACL Goa	5%
North	IFFCO	56%
	GSFC	12%
	KRIBHCO	8%
	PPL + ZACL Goa	5%
West	IFFCO	19%
	GSFC	17%
	STL	15%
	PPL + ZACL Goa	9%

Note: States considered under each region are: (1) North – Uttar Pradesh, Haryana, Punjab, Rajasthan, Uttarakhand, Himachal Pradesh, Madhya Pradesh, Jammu & Kashmir; (2) West – Maharashtra, Gujarat, Goa, Dadara Nagar, Haveli; and (3) East – West Bengal, Jharkhand, Odisha, Bihar, Chhattisgarh; (4) South – Tamil Nadu, Andhra Pradesh, Kerala, Karnataka, Telangana..

Source: Mobile fertilizer and management system (MFMS), CRISIL Research

IFFCO has a significant market share in DAP and NPK across the key states considered; PPL has a strong share in Odisha, Chhattisgarh and Maharashtra

Market share (in volume terms) for DAP and complex segment in key states (Financial Year 2021)

	CIL	CFCL	GSFC	IFFCO	NFL	RCF	PPL
Uttar Pradesh	0%	11%	3%	42%	4%	0%	6%
Bihar	1%	9%	5%	32%	6%	0%	9%
Odisha	23%	0%	0%	32%	0%	0%	34%
Telangana	58%	0%	1%	4%	5%	1%	6%
West Bengal	17%	0%	1%	26%	0%	3%	6%
Maharashtra	11%	1%	5%	16%	1%	14%	9%
Chhattisgarh	8%	7%	4%	26%	8%	1%	20%
Madhya Pradesh	5%	17%	4%	25%	11%	0%	3%

Source: Company annual reports, Mobile fertilizer and management system (MFMS), CRISIL Research

IFFCO has a strong dealer network across states; however private players like CIL and PPL also have dominant presences in their focus markets

Distribution network (market reach) for DAP and complex segment in key states (Financial Year 2021)

	CIL	CFCL	GSFC	IFFCO	NFL	RCF	PPL
Uttar Pradesh	0%	4%	1%	85%	3%	1%	3%
Bihar	3%	8%	3%	73%	16%	NA	8%
Odisha	41%	NA	2%	47%	NA	NA	51%
Telangana	77%	NA	1%	15%	7%	8%	10%
West Bengal	29%	NA	2%	63%	0%	8%	16%
Maharashtra	12%	2%	3%	9%	1%	84%	6%
Chhattisgarh	38%	26%	19%	54%	35%	5%	31%
Madhya Pradesh	17%	28%	6%	35%	34%	1%	9%

Note: 1) NA - Not Available; 2) Market reach is calculated as Total dealers for a company/Total dealers in the state

Source: Company annual reports, investor presentations, mFMS, CRISIL Research

Apart from IFFCO, private players like CIL and PPL have markedly high wallet shares in their focus markets indicating strong brand loyalty

Wallet share (in volume terms) for DAP and complex segment in key states (Financial Year 2021)

	CIL	CFCL	GSFC	IFFCO	NFL	RCF	PPL
Uttar Pradesh	3%	42%	22%	92%	16%	7%	22%
Bihar	8%	21%	20%	98%	10%	NA	21%

	CIL	CFCL	GSFC	IFFCO	NFL	RCF	PPL
Odisha	36%	NA	2%	56%	NA	NA	44%
Telangana	60%	NA	4%	18%	8%	2%	13%
West Bengal	29%	NA	11%	45%	50%	16%	12%
Maharashtra	19%	3%	17%	36%	8%	27%	20%
Chhattisgarh	12%	10%	6%	31%	12%	4%	25%
Madhya Pradesh	8%	23%	8%	39%	14%	3%	8%

Note: 1) NA - Not Available, 2) Wallet share: Total sales by dealers for a particular company/Total sales by the same dealers for all the companies.

Source: Company annual reports, investor presentations, mFMS, CRISIL Research

Limited raw material availability has led to players entering into agreements foreign entities for raw material supply; PPL among few players with captive phosphoric acid capacities

JVs entered into by key players

Name of the player	JV/Strategic partnership entered	Contract type	Country	Purpose
Chambal Fertilisers and Chemicals Ltd (CFCL)	IMACID	JV (33.33% stake)	Morocco	Sourcing of Phosphoric acid
Coromandel International Ltd (CIL)	Canpotex	Contract	Canada	Sourcing of MOP
	TIFERT	Contract	Tunisia	Sourcing of Phosphoric acid
	FOSKOR	JV	South Africa	Sourcing of Phosphoric acid
	QAFCO	JV (14% stake)	Qatar	Sourcing of Urea
	QAFCO	Contract	Qatar	Sourcing of Ammonia
	Yammar & Co., Mitsui & Co.	Contract	Japan	Sourcing of Ammonia
	Yammar & Co., Mitsui & Co.	JV	Japan	Sourcing of Sulphur
	SQM	JV	Chile	Sourcing of WSF, MAP
	Yammar & Co., Mitsui & Co.	JV	Japan	Rice, Transplanter
	Getax	JV (40% stake)	Singapore	Sourcing of Rock Phosphate
Gujarat State Fertilizers & Chemicals Ltd (GSFC)	Kamalyte Strategic Resources Inc.	20% equity stake	Canada	Sourcing of Potash
Indian Farmers Fertilisers Co-Operative Ltd (IFFCO)	ICS	JV (7% stake)	Senegal	Sourcing of phosphoric acid
	OMIFCO	JV (25% stake)	Oman	Sourcing of Urea
	JFICO	JV (27% stake)	Jordan	Sourcing of Phosphoric acid
Zuari Agro Chemicals Ltd (ZACL)	Zuari Maroc Phosphates Ltd	JV (50% stake)	India	Sourcing of Phosphoric acid
	MCA Phosphates Pvt Ltd	JV (50% stake)	Singapore	Sourcing of Phosphoric acid

Source: Company annual reports, investor presentations, CRISIL Research

Key financial parameters of major players

Key financial parameters

Key financials (FY21)	Operating income (₹ billion)	OPBDIT (₹ billion)	Operating margin (%)	PAT (₹ billion)	Net profit margin (%)
Chambal Fertilisers and Chemicals Ltd	127.2	24.6	19.4	13.5	10.6
Coromandel International Ltd	141.6	20.1	14.1	13.1	9.2
Deepak Fertilisers and Petrochemicals Corporation Ltd	18.1	3.9	21.3	2.1	11.5
Gujarat State Fertilizers & Chemicals Ltd	75.0	5.5	7.3	4.2	5.6
Mangalore Chemicals & Fertilizers Ltd	21.4	2.1	9.6	0.7	3.1
National Fertilizers Ltd	119.1	9.1	7.7	2.5	2.1
Rashtriya Chemicals and Fertilizers Ltd	82.8	7.3	8.8	3.7	4.5

Note: Financials are as per quarterly published results in public domain, n m: Not meaningful, Standalone financials are considered for the analysis

Source: Company annual reports, CRISIL Research

Product segment-wise sales growth of key players during Financial Years 2018 to 2021(%CAGR)

Company	Urea	DAP	Complex
Chambal Fertilisers and Chemicals Ltd	18%	14%	-6%
Coromandel International Ltd	-8%	1%	13%
Gujarat State Fertilizers & Chemicals Ltd	22%	-4%	12%
Indo Gulf Fertilisers Ltd	-2%	-	-
Indian Farmers Fertilisers Co-Operative Ltd	13%	7%	9%
Indorama India Pvt Ltd		29%	16%
Mangalore Chemicals & Fertilizers Ltd	-10%	-13%	14%
National Fertilizers Ltd	9%	16%	109%
Rashtriya Chemicals and Fertilizers Ltd	-3%	5%	13%
Paradeep Phosphates Pvt Ltd	-	5%	-7%
Zuari Agro Chemicals Ltd	2%	-79%	-7%

Source: mFMS, CRISIL Research

OUR BUSINESS

The industry-related information contained in this section is derived from a report titled “Assessment of fertiliser market in India” dated July 2021 prepared and issued by CRISIL Limited (the “**CRISIL Report**”), and commissioned and paid for by the Company in connection with the Offer. Neither we, nor the BRLMs, nor any other person connected with the Offer has independently verified such information. In this section, unless the context otherwise requires, references to “we”, “us”, “our” and similar terms are to Paradeep Phosphates Limited on a consolidated basis. 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**”, “**Industry Overview**” and “**Management’s Discussions and Analysis of Financial Condition and Results of Operations**” on pages 26, 98 and 384, 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.

Our Company intends to acquire the Goa Facility with the Net Proceeds of this Offer. For further details in relation to the Goa Facility and the Goa Transaction, see “**The Goa Facility**”, “**Special Purpose Carve-out Financial Statements**”, “**Unaudited Pro Forma Condensed Combined Financial Information**” and “**History and Certain Corporate Matters**” on pages 159, 302, 290 and 202, respectively.

Overview

We are the third largest private sector manufacturer of non-urea fertilizers in India and second largest in terms of Di-Ammonium Phosphate (“**DAP**”) volume sales as of March 2021 (Source: CRISIL Report). We are primarily engaged in manufacturing, trading, distribution and sales of a variety of complex fertilizers such as DAP, three grades of Nitrogen-Phosphorus-Potassium (“**NPK**”) (namely NPK-10, NPK-12 and NP-20), Zypmite, Phosphogypsum and Hydrofluorosilicic Acid (“**HFSA**”). We are also engaged in the trading, distribution and sales of Muriate of Potash (“**MOP**”), Ammonia, Speciality Plant Nutrients (“**SPN**”) and City compost. Our fertilizers are marketed under some of the key brand names in the market ‘Jai Kisaan – Navratna’ and ‘Navratna’.

We have an established track record of delivering robust financial performance. Our total income for the Financial Years 2021, 2020 and 2019 was ₹ 51,839.41 million, ₹ 42,277.76 million and ₹ 43,972.13 million, respectively, while our profit for the year was ₹ 2,232.68 million, ₹ 1,932.20 million and ₹ 1,589.63 million, respectively. Our EBITDA for the Financial Years 2021, 2020 and 2019 was ₹ 5,612.56 million, ₹ 4,938.29 million and ₹ 4,807.48 million, respectively. Our profit before tax for the Financial Years 2021, 2020 and 2019 was ₹ 3,665.03 million, ₹ 2,295.62 million and ₹ 2,513.97 million, respectively.

Our Company was incorporated in 1981. Zuari Maroc Phosphates Private Limited (“**ZMPPL**”), a joint venture of Zuari Agro Chemicals Limited (“**ZACL**”) and OCP Group S.A. (“**OCP**”), currently holds 80.45% of the equity share capital of our Company, with the balance being held by the Government of India. For further details in relation to the history of our Company and our Promoters, see “**History and Certain Corporate Matters**” and “**Our Promoters and Promoter Group**” on pages 202 and 226, respectively.

We are part of the Adventz Group, as well as OCP. The founding chairman of the Adventz Group was the late Dr. K.K. Birla and the current chairman is Mr. Saroj Kumar Poddar. The Adventz Group operates in several businesses and has a strong presence in the agribusiness, engineering and infrastructure businesses and emerging lifestyle business. OCP, founded in 1920, with revenues of over US\$6.3 billion in 2020, is one of the leading producers of Phosphate rock globally and operates largely in the Morocco and Western Sahara region which has approximately 70% of the global Phosphate rock reserves, according to CRISIL Research, and is owned 95% by the Moroccan government. Phosphate rock is processed to produce phosphorous, which is one of the three main nutrients most commonly used in fertilizers (the other two are nitrogen and potassium). India has negligible Phosphate reserves and is dependent on imports of Phosphate rock (a source raw material) or Phosphoric Acid (an intermediate raw material) or DAP (finished phosphatic fertilizer).

Our manufacturing facility is located in Paradeep, Odisha and includes a DAP and NPK production facility, a Sulphuric acid production plant and a Phosphoric acid production plant. We utilize Sulphuric and Phosphoric acids for manufacturing DAP and NPK. We believe that our integrated business model has been critical to our success and a differentiating factor from our competitors. Our integrated business model provides us with the ability to drive profitability, optimize capital efficiency and maintain our competitive advantage. As of March 31,

2021, (i) our total annual granulation capacity of DAP and NPK production plant was approximately 1.40 million MT; (ii) our total annual installed capacity of Sulphuric acid production plant was approximately 1.30 million MT; and (iii) our total annual installed capacity of Phosphoric acid production plant was 0.30 million MT, in addition, the plant has three operational concentrators to concentrate weak Phosphoric acid into strong Phosphoric acid. We also have facilities to store our raw material in Paradeep, Odisha and at any point of time, we can store 120,000 MT of Phosphate rock, 65,000 MT of Phosphoric acid solution, 50,000 MT of sulphur, 45,000 MT of Sulphuric acid, 40,000 MT of liquid ammonia and 35,000 MT of MOP. We also have two captive power plants of 16 MW each, designed to run on the excess steam generated by the Sulphuric acid production plant. Our manufacturing facility is strategically located close to the Paradeep port and we have a closed conveyor belt which is 3.4 km long connecting the Paradeep port to our manufacturing facility. At the Paradeep port, we have a captive berth with 14 meters draft with facilities to unload solid and liquid cargo. In addition, we own a railway siding and a cross country pipeline. This enables us to transport raw material directly to our facility.

With a view to (i) increase the size of our Company, with a product portfolio comprising both Phosphatic and Nitrogenous fertilizers; and (ii) accessing the high fertilizer demand markets of Maharashtra and Karnataka, on March 1, 2021, our Company entered into a business transfer agreement (“BTA”) (amended by the Addendum to the Business Transfer Agreement dated July 30, 2021) with ZACL for the purchase of its fertilizer plant in Goa (the “Goa Facility”) by our Company (the “Goa Transaction”) as a going concern on a slump sale basis, for a total consideration equal to the enterprise value of USD 280 million, equivalent to ₹ 20,523 million as per the terms of BTA, subject to necessary adjustments as specified in the BTA and further subject to certain customary conditions precedent. Upon the completion of the Goa Transaction, our Company will acquire the business of developing, manufacturing and trading of urea and NPK products carried out at the Goa Facility. Subsequent to the acquisition of Goa Facility, our total fertilizer production capacity is expected to increase by 1.2 million MT, comprising: (i) annual granulation capacity of DAP and NPK production plants to increase by approximately 0.80 million MT; and (ii) annual capacity of producing Urea to be approximately 0.40 million MT. Our Company is also in the process of increasing the production capacity of certain of our facilities, developing new plants and modernizing certain equipment in line with our view to grow our Company. We are currently in the process of increasing the annual granulation capacity of our DAP and NPK production plant to 1.8 million MT from 1.2 million MT which we expect will be complete by May 2022. We also intend to retrofit a new Phosphoric acid production plant to increase our Phosphoric acid annual production by 120,000 MT and also intend to install a new evaporator to increase annual production of strong Phosphoric acid by 116,000 MT. See “*Objects of the Issue*” and “*Risk Factors*” on pages 79 and 26.

The following table sets forth the volume of fertilizers manufactured and sold by us for the periods indicated:

Fertilizers	Financial Year 2021		Financial Year 2020		Financial Year 2019	
	Volumes Manufactured	Volumes Sold	Volumes Manufactured	Volumes Sold	Volumes Manufactured	Volumes Sold
DAP ¹	638,737	658,097	564,132	646,484	700,630	607,420
NPK						
NPK-10	81,490	97,932	106,283	90,303	30,131	31,495
NPK-12	26,465	25,852	12,380	12,294	-	674
NP-20	275,200	338,207	378,625	377,289	470,709	453,789
Zypmite	16,574	19,685	23,036	22,975	26,465	25,739
Phospho-gypsum	1,205,347	1,205,347	914,422	914,422	833,917	834,051
HFSA	3,507	3,507	3,343	3,343	862	862

1. This includes DAP-Brown colour (“DAP-B”).

The following table sets forth the products traded by us for the periods indicated:

Fertilizers	Financial Year 2021		Financial Year 2020		Financial Year 2019	
DAP		141,780		86,776		82,219
NPK-10		100,717		26,942		-
NPK-12		14,548		10,922		-
MOP ²		27,434		32,514		22,675
Ammonia		141,780		86,776		82,219
SPN	1186 MT, 7.56 KL		1281 MT, 12.5 KL		757 MT, 26.64 KL	
City compost		7,740		5,934		2,684
P205-HSS		63,544		-		33,791
Phospho-gypsum		1,205,347		914,422		834,052

We have established an extensive sales and distribution network, with a strong presence in the eastern part of India. We distribute our products across 17 states in India through our network of 11 regional marketing offices and 1,324 stock points as of March 31, 2021. Our network includes 4,529 dealers and over 60,257 retailers, catering to over five million farmers in India, each as of March 31, 2021.

Our primary raw materials include Phosphate Rock, Phosphoric acid, Sulphur, Ammonia and MOP. We source our raw materials locally as well as from various other countries such as Morocco, Jordan, Qatar and Saudi Arabia. For several of our raw materials, such as Phosphate Rock, Ammonia and Sulphur, we benefit from long-term supply agreements.

Over the years, we have received several leading awards and recognitions such as the 19th Greentech Safety Award 2020 for outstanding achievement in category of industry sector safety excellence, Environmental Protection Award from the Fertilizer Association in India for NP/NPK fertilizer plant, Kalinga Safety Award 2019 from the Government of Odisha, FAI Environmental Protection Award in NP/NPK Fertilizer Plants with Captive Acid Category for the year 2019-2020 by the Fertilizer Association of India, ICONSWM Excellence Award 2019 at the 9th International Conference on Sustainable Waste Management towards Circular Economy, Best Brand Platinum Award 2021 in Corporate Excellence category and First position for 'HR Best Practices – Union Management Relationship' by NHRD. Further, Mr. Ranjit Singh Chugh, our Chief Operating Officer, was awarded the 'Best COO' award by the Government of Odisha. For further information on our awards and recognitions, see “- **Awards**” on page 157.

Competitive Strengths

We believe that the strengths provided below are our principal strengths. For details in relation to the principal strengths of the Goa Facility, see “**The Goa Facility – The Goa Facility’s Competitive Strengths**” on page 160.

Well-positioned to capture favorable Indian fertilizer industry dynamics supported by conducive government regulations

Due to certain factors such as increase in crop intensity, increase in per capita food consumption and dietary changes, per capita rise in income and ease of credit availability and high subsidy support from the Government (*Source: CRISIL Report*), we expect to continue witnessing growth in the Indian fertilizer industry. The demand for fertilizers in India is expected to reach approximately ~68 million tonnes by Financial Year 2026 growing at a CAGR of 1.50%-2.50% from Financial Year 2021 to Financial Year 2026. (*Source: CRISIL Report*) Further, we expect to benefit from the government policies that support the fertilizer industry. The NPK ratio languished to 6.6:2.7:1.0 in Financial Year 2020 from 4.7:2.3:1 in Financial Year 2011 due to increased usage of urea over the years. Going ahead, the ratio is expected to improve to 5.8:2.6:1.0 by Financial Year 2026 led by the Government’s and the fertilizer industry’s efforts to increase awareness about soil fertility (e.g. the soil health card scheme and higher adoption of fertilizer mixtures (NPK fertilizers) instead of single nutrient fertilizers). (*Source: CRISIL Report*) The Soil Health Card is provided to all farmers across India once in a cycle of two years and it provides information to the farmers on the nutrient status of their soil based on certain parameters. Financial assistance is also provided under the Soil Health Card Scheme for training farmers and holding field demonstrations on balanced use of fertilizers. (*Source: CRISIL Report*)

Further, the Government of India has decontrolled the retail prices for Phosphatic fertilizers. As per the Nutrient-based Subsidy Policy (“**NBS Policy**”) introduced in Financial Year 2011, the subsidies on Phosphatic fertilizers is fixed at the nutrient level and producers have the freedom to fix retail prices. (*Source: CRISIL Report*) In addition the subsidy for Financial Year 2021 is ₹ 637 billion. The Government also announced an additional ₹ 650.00 billion allocation for fertilizer subsidy under the Atmanirbhar 3.0 package. This allocation is sufficient in order to cater to subsidy requirement of this Financial Year and pay off the bulk of roll over subsidy of the previous years. (*Source: CRISIL Report*) Moreover, given that we only manufacture Phosphatic fertilizers, our reliance on subsidies is lower as compared to manufacturers of urea fertilizers. We believe that this reduces the strain on our working capital compared to manufacturers of urea fertilizers as the subsidy payments are usually disbursed in a delayed manner. (*Source: CRISIL Report*)

Due to the measures being taken by the Government to increase the awareness regarding the benefits of complex and Phosphatic fertilizers as well as the partial deregulation of the segment, Phosphatic fertilizers is the fastest growing segment in the Indian fertilizer industry. The Phosphatic fertilizers segment is expected to grow at a CAGR of 2.2%-3.2% from Financial Year 2021 to Financial Year 2026 compared to the expected growth of the Urea segment at a CAGR of 0.8%-1.8% from Financial Year 2021 to Financial Year 2026. (*Source: CRISIL*

Report) Over the next five years, DAP and NPK is expected to lead the growth of the Phosphatic fertilizers segment along with complex fertilizers as India's production of crops such as fruits and vegetables, sugarcane and cotton witness a higher growth compared to the past. (Source: CRISIL Report) We believe we are well-positioned to capture a significant share of this growth due to (i) our sizeable and certified manufacturing facility and infrastructure; (ii) backward integration of our manufacturing process that typically allows us to have reliable supply of raw materials and cost advantages, and thus production flexibility, over other fertilizer manufacturers that aren't backward integrated; and (iii) our established sales and distribution network which will be enhanced by the addition of the sales and distribution network associated with the Goa Facility.

In addition to NBSs (payable on the nutrients), subsidy for primary freight movement of decontrolled fertilizers (except SSP) by rail and road and coastal shipping or inland shipping is provided by the Government to enable wider availability of fertilizers even in the remote places in India. (Source: CRISIL Report) We believe that this enables us to distribute our products across states in India in a more cost-efficient manner.

Under the Fertilizer DBT system, 100% subsidy on various fertilizer grades is released to fertilizer companies on the basis of actual sales made by the retailers to beneficiaries (i.e. farmers). The primary objective of introducing DBT was to increase transparency, reduce leakage of benefits and increase efficiency of social security programs. Further, the subsidized fertilizers are only sold through the "points of sale" devices registered with the Department of Fertilizers, India. (Source: CRISIL Report) We believe that this enables us to receive subsidies in a more streamlined and timely manner.

Second largest manufacturer of Phosphatic fertilizers in India

Among private sector entities with a focus on the non-urea segment, we are the second largest in terms of phosphatic fertilizer (DAP and NPK complexes) capacity, as of March 31, 2021. (Source: CRISIL Report) As of March 31, 2021, (i) our total annual granulation capacity of DAP and NPK production plant was approximately 1.40 million MT; (ii) our total annual installed capacity of Sulphuric acid production plant was approximately 1.30 million MT; and (iii) our total annual installed capacity of Phosphoric acid production plant was 0.30 million MT, in addition, the plant has three operational concentrators to concentrate weak Phosphoric acid into strong Phosphoric acid.. As of March 31, 2021, we were the second largest backward integrated manufacturer in the private sector with Phosphoric acid capacity in India, accounting for approximately 14% of the total domestic installed capacity of Phosphoric acid in India. (Source: CRISIL Report.)

Production plant	Annual Granulation capacity (in million MT)	For financial Year 2021		For financial Year 2020		For financial Year 2019	
		Actual capacity (in million MT)	Capacity utilization (%)	Actual capacity (in million MT)	Capacity utilization (%)	Actual capacity (in million MT)	Capacity utilization (%)
DAP and NPK	1.40	1.2	85	1.2	88	1.2	100
Sulphuric acid	1.39	1.39	76	1.39	73	1.39	76
Phosphoric acid	0.30	0.30	97	0.30	88	0.30	98

In general, operations in the fertilizer industry are capital intensive due to high costs of land acquisition, construction of manufacturing facilities and high costs of equipment and machinery. Fertilizers manufacturing plants with proximity to transportation facilities typically have logistical benefits. In view of the above, we believe that the scale of our facility, our proximity to Paradeep port, access to a network of railways, waterways and highways provides us with a competitive advantage and an integrated business model.

Further, we have a diverse product portfolio and are primarily engaged in manufacturing, distribution, trading and sales of a variety of complex fertilizers such as DAP, three grades of NPK (NPK-10, NPK-12 and NP-20), MOP, Zypmite, and our by-product, Phospho-gypsum. We also distribute Ammonia and Sulphuric acid for industrial consumption in and around Odisha. We believe that our continued engagement with the dealers and wide reach to the farmers has helped us to understand the specified product requirements of end consumers.

Driving raw material efficiency through backward integration of facilities and effective sourcing

We are committed to the integration of the industrial value chain from securing a stable supply of raw materials and owning integrated facilities to maintaining a wide distribution network for our products and ensuring good customer service. Our primary raw materials include Phosphate Rock, Phosphoric acid, Ammonia, Sulphur and MOP. We source our raw materials from a number of suppliers based locally and in countries such as Morocco, Jordan, Qatar and Saudi Arabia, among others. In Financial Year 2021, we had procured raw materials totaling to approximately ₹ 34,485.77 million from approximately six suppliers and all of them have been supplying raw materials to us for more than 10 years. We believe we have strong relationships with our suppliers for our raw material requirements.

In order to ensure a stable supply of our most important raw material by value, Phosphate Rock, on January 1, 2021, we entered into a long term supply agreement with OCP for the procurement of Phosphate Rock for term three years, expiring December 31, 2023 and which may be automatically renewed for successive periods of two years. In addition, we have entered into two long-term supply agreements, one with a Qatar state owned chemical and petrochemical marketing and distribution company, and the other with a large Indian fertilizer company that trades, sells, markets and supplies critical raw materials to India for the procurement of Ammonia. These long-term agreements provide long-term raw material security, enhances our ability to benefit from increasing economies of scale with stronger purchasing power for other raw materials, thereby maintaining a competitive cost structure to achieve sustainable growth and profitability. We have also entered into a supply agreement with a Government owned oil and gas corporation for the procurement of Sulphur.

In addition, we have backward integrated our manufacturing process by producing the two other key raw material by value, Phosphoric acid and Sulphuric acid. We manufacture Phosphoric acid and Sulphuric acid at our production plants. We also have two captive power units of 16 MW each, designed to run on excess steam generated by our Sulphuric acid production plant, and a 23 MW power plant (total 55 MW). Among the private sector entities, we are the second largest backward integrated fertilizer manufacturing facility in India as of March 2021. (Source: CRISIL Report) We believe that our integrated business model brings us significant advantages over our competitors, such as:

- reduction of raw material costs and logistics costs as we produce Phosphoric acid; in addition, we are able to minimize our utility costs due to the power being supplied by our two captive power units;
- ability to fully utilize the by-products and waste products generated from our manufacturing process; for example, we market and sell our by-product Phospho-gypsum, which is used for soil conditioning in alkaline soils and as a supplement for sulphur deficient soils; in addition, we also have two captive power units of 16 MW each, designed to run on excess steam generated by our Sulphuric acid production plant, and a 23 MW power plant;
- ability to sell excess Ammonia and Sulphuric acid to maximize efficiency of our production plants and enhance our revenue and profitability;
- reduction of reliance on external suppliers for Phosphoric acid, thereby helping to maintain a steady production of DAP and NPK, and limiting our exposure to price volatility; further, we are taking a number of measures to further reduce our reliance on external suppliers for Phosphoric acid, such as retrofitting a new Phosphoric acid plant and installing a new evaporator to increase production of strong Phosphoric acid; and
- ability to manufacture more products, including different products with weak Phosphoric acid and strong Phosphoric acid across the production chain; we are able to monitor and efficiently manage production volumes and product mix as well as optimize the efficiency of the overall production process; we have flexibility at our manufacturing facility as we have four trains of equal capacity, enabling us to improve and maintain our manufacturing facility without halting our production.

We also purchase Phosphoric acid and Sulphur on a spot basis to fill any gaps in the requirements based on the production needs for quantity and quality. With the scale and volume of our business and the established long term relationships with our suppliers, we believe that we are able to negotiate favourable commercial terms for our raw materials.

Secure and certified manufacturing facility and infrastructure and unutilised land available for expansion

One of our raw materials, Ammonia is highly hazardous and one of our finished products, MOP is highly corrosive, and accordingly, are subject to high quality standards and stringent impurity specifications. Moreover, such products require proper infrastructure for their storage and handling. We have five atmospheric Ammonia storage tanks of 10,000 MT each (though limited to 8,000 MT each) that enables us to store Ammonia in a safe manner. We also have a dedicated team of employees who have the technical skill and expertise to handle and store Ammonia. In addition, our cross-country pipeline and civil infrastructure is made of reinforced cement concrete. The concrete infrastructure, being more resistance to natural elements in general and to MOP (a very corrosive substance) in particular, enables us to reduce our maintenance costs. We also have high flexibility at our manufacturing facility as we have four trains of equal capacity capable of producing both DAP and NPK, enabling us to improve and maintain our manufacturing facility without halting our production.

Further, we have adopted a robust Integrated Management System Policy (“**IMS Policy**”) that is aimed at improving our performance in safety, health, environment protection, energy conservation, quality of our products and services throughout our operation and product life cycle. Our facility has been certified for compliance with quality management system standards under ISO 9001:2015, ISO 14001:2015”, ISO 45001:2018 and ISO 5000-2011.

As of March 31, 2021, we also own large parcels of land aggregating to approximately 2,282.42 acres in Paradeep, Odisha. Our existing manufacturing facility is constructed on approximately 33% of such land parcel. Accordingly, we have the ability to further significantly expand our facilities on the remaining portion of the land parcel. Our captive berth with 14 meters draft at Paradeep port also has capacity to process additional unloading as our operations further grow.

Strategic location of our manufacturing facility and sizeable material storage, handling and port facilities

Our manufacturing facility is strategically located near the Paradeep port, where we own a captive berth with 14 meters draft with facilities to unload solid and liquid cargo. As a result, we are generally able to meet loading and unloading schedules of the carriers and save on demurrage charges. We propose to replace our ship unloader by procuring a new one by December 2022 to enhance reliability and efficiency of our port operations. We also have a closed conveyor belt which is 3.4 km long connecting the Paradeep port to our facility. This enables us to transport our raw materials in solid form directly to our facility. In addition, cross-country pipeline which is 3.1 km long. This enables us to transport raw material in liquid form directly to our facility. We also own a railway siding.

We have capacity to store up to 120,000 MT, 65,000 MT, 50,000 MT and 35,000 MT of Phosphate Rock, Phosphoric acid, Sulphur and MOP, respectively. We also have an Ammonia storage facility of approximately 40,000 MT. The ability to store raw materials at our facility enables us to withstand disruptions in supply as well as volatility in the price of raw materials for a short duration.

We believe that the direct connection between our manufacturing facility and the Paradeep port provides us with a supply of raw materials at a relatively low last-mile transportation cost and enables us to minimize our logistics costs. Further, being in a port city, facilitates our access to a network of railways, waterways and highways. This further enables us to benefit from lower transportation cost as it allows us to cater to the needs of our customers located in different regions of the country.

Established brand name backed by an extensive sales and distribution network

We believe that strong and recognizable brands are a key attribute in our industry. Such brands increase customer confidence and influences a purchase decision. We believe that the brands ‘Jai Kisaan – Navratna’ and ‘Navratna’ are well-known to the farmers in the Eastern parts of India. We cater to nearly all types of crops. We are able to generate demand for our brand through our marketing activities, which are directed towards distributors and farmers. They consist of a broad range of advertising and promotional tools, such as meeting with farmers, promotions at point-of-sale locations, field demonstrations, organizing bazaar days, rural upliftment programmes in selected districts where fertilizer consumption is low, crop seminars, trainings programmes for farmers, programmes for promoting soil health awareness, distribution of crop and product literature, publicity van campaigns, retailers’ meets, hoardings and direct marketing activities. Further, we periodically organize meetings with our dealers and retailers to build our brand, introduce new products and train our dealers and retailers about the suitability of our products for specific crops. We have also set up a farmer training school in Bhubaneswar in collaboration with the Department of Agriculture, Government of Odisha for training farmers. In addition, we

have toll-free lines ‘Hello *Jai Kisaan*’ that are operated by agricultural experts who are well equipped to advise farmers on scientific agriculture as a part of the Adventz Group initiative. We also provide our support on the farms through our trained extension workers ‘*Jai Kisaan* Krishi Salahakars’. Our brand reputation, market position and these various marketing activities have further enhanced our customer loyalty and enabled us to further penetrate geographic markets.

Our manufacturing facility is strategically located in Paradeep, the centre of the agricultural belt of Odisha, with the Gangetic plains of West Bengal in the East and Bihar in the North. The high fertilizer demand states of Maharashtra, Andhra Pradesh, Telangana and Karnataka are also well-connected. Our ability to deliver sufficient quantity of fertilizers to farmers with short lead-time is critical, particularly given the seasonal nature of crops. We have established an extensive sales and distribution network. We distribute our products across 17 states in India through various private and institutional channels. For instance, in states such as Madhya Pradesh, Chattisgarh and Telangana, we supply our products to marketing federations in co-operative channels. As of March 31, 2021, we have set up a network of 11 regional marketing offices and 1,324 stock points in 17 states across India. As of March 31, 2021, our network comprised 4,529 dealers and over 60,257 retailers, catering to five million estimated farmers in India. Further, we have a dedicated team of 70 marketing officers, 14 junior agronomists and 72 field assistants. Our widespread sales and distribution network is further aided by access to the market and assessment of the market on a real-time basis based on data and reports in IFMS portal and Adventz DBT portal which provides product-wise data on the movement of fertilizers from Companies to the farmers. Our structured distribution network facilitates the efficient sale of our products in our targeted markets and promotes our brand visibility.

Strong parentage, experienced management team and prominent shareholders

We have an experienced management team with relevant industry experience, which is supported by a capable and motivated pool of employees. Our current management team has been instrumental in the steady improvement of our financial performance pursuant to its effective management and operational optimization of our assets. From 1986 to 2007, our Company had incurred losses, leading to it being deemed a sick company and requiring it to enter into a rehabilitation scheme. Our shareholders and the management undertook a range of initiatives, such as capital infusion, better capital management and several cost-cutting measures. As a result, our Company exited the BIFR proceedings in financial year 2012 and ceased to be a ‘sick company’. Further, our management team has a track record of identifying new avenues of growth and implementing business strategies in an efficient manner, for instance our management has been able to introduce and grow the Gypsum product (which is a process by-product) as a new business line with Financial Year 2021 Sale of products of ₹ 546.74 million and three-year average CAGR of 21%, and also introduce and grow the micronutrient product Zypmite as a new business line with Financial Year 2021 Sale of products of ₹ 165.00 million and three-year average CAGR of 3%. They have also helped us in developing a marketing and distribution network and long-term relationships with our key suppliers. We believe that our experienced management team has demonstrated the ability to successfully build and integrate our various operating activities through their cumulative years of work experience. We believe that the knowledge and experience of our senior and mid-level management team members provides us with a competitive advantage as we seek to grow our business.

Our Board is committed to implementing best practices of corporate governance and achieving a high level of transparency, with a focus on investors’ best interests and maximizing shareholder value. Our Promoters, ZACL and OCP have contributed to the growth of our business and operations since financial year 2002. ZACL is an Indian manufacturer of fertilizers and specialty fertilizers, which has been manufacturing and selling fertilizers for the past five decades. We source our Phosphate Rock from OCP, a global leading producer of Phosphate Rock that operates largely in the Morocco and Western Sahara region which has approximately 70% of the global Phosphate rock reserves, according to CRISIL Research, and are able to benefit from cost synergies. We invest considerable resources in training our employees and our strong focus on employee development has enabled us to maintain high levels of employee retention over the years.

Our Strategies

The primary elements of our business strategy are provided below:

Improve our leadership position by enhancing our production capabilities and having a more diversified product portfolio

With an aim to capitalize on the increasing demand for fertilizers in India, strengthen our leading position and grow our market share in the fertilizer industry in India, in the recent years, we have taken a number of measures to enhance our production capacities. We had increased our annual production of Sulphuric acid by 529,470 MT through the installation of a new acid plant, with commercial operations starting March 2016. We also added a 23 MW power plant to increase capacity which started supplying power in March, 2016, resulting in a total of 55MW of power capacity (combined with our two captive power units of 16 MW each). We are currently in the process of increasing the annual granulation capacity of our DAP and NPK production plant to 1.8 million MT from 1.2 million MT which we expect will be complete by May 2022. We also intend to retrofit a new Phosphoric acid production plant to increase our Phosphoric acid annual production by 120,000 MT and also intend to install a new evaporator to increase annual production of strong Phosphoric acid by 116,000 MT. In addition, we own large parcels of land aggregating to approximately 2,282.42 acres out of which almost 67% of the land parcel has no construction over it as on date. We seek to utilise the additional available land for expansion of our facilities on the remaining portion of the land parcel.

Further, pursuant to the completion of the Goa Transaction, we will gain access to additional product mix, resulting in a more diversified product portfolio. The acquisition of the Goa Facility provides us the ability to manufacture and sell Urea as well as certain grades of NPK. We will then have the ability to manufacture, distribute and sell a variety of complex fertilizers such as DAP, several grades of NPK such as Samarth (10:26:26), Sampurna (19:19:19), Sampatti (12:32:16), Uramphos (28:28:0) and Saubhagya (14:35:14), MOP, Zypmite, Urea, and our by-product, Phospho-gypsum. We believe we will have an optimal mix of Urea and Phosphatic fertilizers. We will have two more trains of similar annual capacity of 400,000 MT each to produce NPK, which will be capable to produce different grades of fertilizers thereby offering more flexibility in the manufacturing process. We believe that we will be well positioned to capitalize on economies of scale due to the size of our combined operation, which allows us to accelerate our growth momentum. We will seek to tailor our product mix optimally to meet customer demand as closely as possible for any given period, thereby enabling us to maximize our overall gross profit margin.

Continue to improve cost efficiency and productivity

In recent years, we have taken a number of measures to enable our operational efficiency. We had taken steps to increase our annual production of Sulphuric acid through the installation of a new acid plant which began operating in March, 2016. We are currently in the process of increasing the annual granulation capacity of our DAP and NPK plant to 1.8 million MT per annum and this expansion is expected to be completed by May 2022. We also intend to retrofit a new Phosphoric acid production plant to increase our annual production by 120,000 MT and also intend to install a new evaporator to increase production of strong Phosphoric acid by 116,000 MT. These measures are expected to (i) increase our production of DAP and NPK fertilizers as well as Phosphoric acid; and (ii) reduce our reliance on external suppliers of Phosphoric acid. This will help us increase our profitability and our operational efficiency as well as reduce our raw material cost and logistics cost.

In addition, we use SAP S/4HANA, which is an integrated Enterprise Resource Planning (“ERP”) analytic business solution that allows us to perform transactions and analyse our business data in real-time. We use it in an on-premises deployment model. We use this ERP capability to better integrate a number of departments, such as raw material management, production planning, plant maintenance, sales and distribution, financial and accounting, governance, risk and compliance and human resources, which allows us to make information driven decisions and manage performance.

Further, upon acquisition of the Goa Facility, we will gain access to its Ammonia production plant, Urea production plant and combined NPK production plant. We will also gain access to its robust outbound facilities, captive power plants, storage for raw material and finished goods as well as a bagging plant. This is expected to allow us to scale our operations and increase our manufacturing capabilities. Further, we will be able to achieve higher efficiency by reducing product changeovers by making product trains exclusive to one or two variants. Given that ZACL has entered into long-term contracts for sourcing key raw material required by the Goa Facility, our ability to benefit from increasing economies of scale with stronger purchasing power for other raw materials will be enhanced, thereby helping us maintain a competitive cost structure. Lastly, our long-term Phosphate Rock supply contract with OCP, our promoter and globally leading producer of such raw material and which operates largely in the Morocco and Western Sahara region which has approximately 70% of the global Phosphate Rock reserves according to CRISIL Research, provides us the ability to source cost-effective and increasing amounts of Phosphate Rock as our operations grow.

We also seek to reduce our finance costs by reducing our leverage. To this, we propose to utilise an estimated

amount of ₹ 1,500.00 million from the Net Proceeds of this Offer towards repayment/ prepayment of our debt facilities. This will help us reduce our outstanding indebtedness, assist us in maintaining a favourable debt-equity ratio and enable utilisation of some additional amount from our internal accruals for further investment in business growth and expansion. In addition, we believe that since our debt-equity ratio will improve significantly, it will enable us to raise further resources at competitive rates and additional funds / capital in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

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

We seek to continue to develop our distribution network and increase our geographical reach through reinforcing and expanding our distribution channels. We plan to do so by deepening our presence in the states of Odisha, West Bengal, Chattisgarh, central and eastern parts of Uttar Pradesh, Andhra Pradesh, Telangana, and Madhya Pradesh, where we believe there remains attractive growth opportunities, and expanding our reach in new markets. To improve our distribution execution and productivity in our existing cities, we have initiated programmes such as *Jai Kisaan Sambandh*, a retailer loyalty program to reward the top retailers selling 50 tonnes and more of DAP and complex fertilizers.

Our broad distribution network enables us to reach the farmers and we will continue to leverage our long standing relationship with our distributors, which will allow us to penetrate more remote areas without incurring additional costs. We also intend to improve our channel partner relationship by organizing meetings with the retailers, select dealers, co-operations, marketing federations and institutions.

In addition, the Goa Facility is strategically located and well-connected to a number of high fertilizer demand states such as Maharashtra, Karnataka, Madhya Pradesh and Chattisgarh. We believe that the extensive pan-India sales and distribution network will enable us to become a player in the key agricultural states of Maharashtra, Karnataka, West Bengal, Bihar, Andhra Pradesh and Telangana and reduce our dependence on any particular state. We also believe that we will be in a stronger bargaining position with our dealers. In addition, we will gain opportunities to cross-sell and up-sell complementary offerings to our existing customers.

Improve market leadership through investment in brand building and other campaigns

We believe that successful branding is key to the growth of our business and that the brands '*Jai Kisaan Navratna*' and '*Navratna*' have gained wide recognition and popularity in the Indian fertilizers industry as a result of our successful marketing and promotional strategies. Pursuant to completion of the Goa Transaction, we will also gain access to '*Jai Kisaan*', one of the key fertilizer brands in India.

To further strengthen and capitalize on the existing reputation and recognition of each of the three brands, we intend to undertake marketing efforts in select cities where there is potential for growth. We also intend to bolster our marketing campaigns through mass media such as television, radio, digital and print campaigns. Further, we believe that we can enhance our relationship with the farmers by continuing to organize farmer meetings, demonstrations, field days, crop seminars, promotion campaigns, programmes for promoting soil health awareness and participating in exhibitions and seminars. We believe that we can increase our brand visibility by continuing to undertake various marketing initiatives such as shop branding, wall paintings, publicity van campaigns, organizing bazaar days and display contests and launching innovative merchandise. We also intend to sell some of the products manufactured at the Goa Facility under the brand '*Jai Kisaan Navratna*'. We intend to benefit from the brand equity by selling products at a higher margin and bundling our products with Urea products manufactured at the Goa Facility. We believe that this will enable us to be in a stronger bargaining position with our dealers.

Continue to attract, retain and develop human capital

Our success depends on our team of employees and we are implementing a number of measures to further strengthen our workforce and improve employee motivation and development. We intend to utilize our reputation and intensify our brand awareness to continue to recruit and retain talented people in the industry and to position ourselves as the employer of choice. We will continue to provide employee compensation that is merit-based. We identify our high performing employees and leaders at all levels to create a pool of talent across all business functions. We intend to help improve their capabilities by sponsoring their career development and leadership programmes by tying-up with one of the most prestigious universities in the world. We also have an in-house coaching program for senior leadership development. We plan to continue to focus on training and skill development for our employees. We believe that strengthening the competence of our middle management is

paramount and we are achieving, and will continue to do so, through our leadership model and a new structured process for succession planning. We will also continue to undertake CSR activities and organize community building programmes.

Selectively pursue inorganic growth opportunities

We intend to grow our business and increase our range of products and services by exploring acquisition targets. Where appropriate and advantageous for our business, we intend to selectively pursue opportunities that will strengthen our market position, enable us to expand our product portfolio and increase our sales, marketing and distribution network. For example, on March 1, 2021, our Company entered into a business transfer agreement with ZACL for the purchase of the Goa Facility. Post acquisition of the Goa Facility, we will identify and improve our operating efficiency by undertaking various measures such as streamlining our daily operations and processes by leveraging on the size and scale of our consolidated operations, and fully integrating and streamlining our supply chain capabilities. Further, we will be able to increase efficiency by reducing product changeovers and making product chains exclusive to a limited number of variants. We will also derive economies of scale by consolidating our shared functions such as commercial and strategic sourcing, supply chains and distribution. We believe that there will be a reduction in our cost of borrowings thereby leading to lower finance costs. We will also optimize our human resources, specifically our field employees, to drive higher levels of efficiency. For further details in relation to the Goa Transaction, see “***History and Certain Corporate Matters – Business Transfer Agreement dated March 1, 2021 among our Company and Zuari Agro Chemicals Limited (“ZACL”) as amended by the Addendum to the Business Transfer Agreement dated July 30, 2021***” on page 204.

DESCRIPTION OF OUR BUSINESS

Products

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

DAP

DAP is a granulated, high quality, water-soluble, complex mineral fertilizer containing primarily of 18% Ammoniacal Nitrogen by weight and 46% Phosphate by weight. (Source: CRISIL Report) DAP is suitable for all types of soils and can be used as a base fertilizer for all crops. DAP is a dry material used extensively for bulk blending and for direct application. For the Financial Years 2021, 2020 and 2019, we manufactured approximately 638,737 MT, 564,132 MT and 700,630 MT of DAP.

NPK

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

- **NPK – 10:**

This NPK fertilizer contains Nitrogen, Phosphorus and Potassium in the ratio of 10:26:26. This NPK fertilizer is suitable for all types of soil. Due to the presence of 1:1 ratio of Phosphorus and Potassium, NPK-10 fertilizer is suitable for crops such as sugarcane and potatoes. As the Potassium nutrients are in water-soluble form, it is easier for the crops to absorb the nutrient. For the Financial Years 2021, 2020 and 2019, we manufactured approximately 81,490 MT, 106,283 MT and 30,131 MT of NPK-10.

- **NPK – 12:**

NPK-12 fertilizer contains Nitrogen, Phosphorus and Potassium in the ratio of 12:36:16. The three nutrients are present in granule form. This NPK fertilizer is suitable for all types of soil. This NPK fertilizer enhances the yield and quality of crops such as onions, tobacco, ginger, garlic, tomato, cabbage and oil seeds. Given that Phosphorous and Potassium nutrients are in water-soluble form, it is easier and quicker for the plants to absorb the nutrients. Nitrogen is present in the form of Ammonium Sulphate. For the Financial Years 2021,

2020 and 2019, we manufactured approximately 26,465 MT, 12,380 MT and 0 MT of NPK-12.

- **NP – 20:**

NP -20 fertilizer contains Ammonia, Phosphate and Sulphate in the ratio of 20:20:0:13. NP-20 is suitable for all types of soil. This fertilizer enhances the yield and quality of crops such as oil seeds, pulses, onions, soybean, garlic, sugarcane, paddy and cotton. NP-20 fertilizer is utilized for fertilizing the vegetables that require frequent application of fertilizers. For the Financial Years 2021, 2020 and 2019, we manufactured approximately 275,200 MT, 378,625 MT and 470,709 MT of NP-20.

Zypmite

Zypmite is a micronutrient mixture containing Sulphur, Zinc, Boron, Calcium and Magnesium. Zypmite helps in improving the soil fertility, increasing the intake of NPK fertilizers and improving the quality of yield of crops. For the Financial Years 2021, 2020 and 2019, we manufactured approximately 16,574 MT, 23,036 MT and 26,465 MT of Zypmite.

Phospho-gypsum

Phospho-gypsum contains Sulphur and Calcium in the ratio of 17:21. Phospho-gypsum is suitable for alkaline soils. Sulphur in the Phospho-gypsum helps in (i) increasing crop yield, crop product quality and oil content in oil seeds; (ii) improving fertilizers' efficiency, plant health and soil condition; and (iii) adding colour and flavor to the crops. Calcium in the Phospho-gypsum helps in (i) better fruit development; (ii) increasing crop product quality; (iii) improving the plant growth and root development; (iv) metabolic activities; and (v) preventing fruit cracking. Phospho-gypsum enhances the yield and quality of crops such as rice, pulses, oil seeds and sugarcane. For the Financial Years 2021, 2020 and 2019, we manufactured approximately 12,05,347 MT, 914,422 MT and 833,917 MT of Phospho-gypsum.

HFSA

HFSA is an inorganic compound, colorless liquid and manufactured as a coproduct in the production of phosphates fertilizers. It is used as a precursor to aluminum trifluoride and synthetic cryolite, which are used in aluminum processing. For the Financial Years 2021, 2020 and 2019, we manufactured approximately 3,507 MT, 3,343 MT and 862 MT of HFSA.

The following table sets forth the volume of products traded by us for the periods indicated:

	<i>(in MT)</i>		
Fertilizers	Financial Year 2021	Financial Year 2020	Financial Year 2019
DAP ¹	141,780	86,776	82,219
NPK-10	100,717	26,942	-
NPK-12	14,548	10,922	-
MOP ²	201,646	85,981	85,714
Ammonia	27,434	32,514	22,675
SPN ¹	1186 MT, 7.56 KL	1281 MT, 12.5 KL	757 MT, 26.64 KL
City compost	7,740	5,934	2,684
P205-HSS	63,544	-	33,791
Phospho-gypsum	1,205,347	914,422	834,052

1. This includes DAP-High Seas Sales.

2. This includes MOP-High Seas Sales.

Related products

In addition to marketing and selling liquid Ammonia, we also manufacture, market and sell products such as Phosphoric acid and Sulphuric acid.

Phosphoric acid

Phosphoric acid is a key raw material used to produce Phosphatic fertilizers such as DAP. For the Financial Years 2021, 2020 and 2019, we manufactured approximately 290,520 MT, 262,830 MT and 293,850 MT of Phosphoric

acid.

Sulphuric acid

Sulphuric acid is one of the raw materials used to produce Phosphatic fertilizers such as DAP. For the Financial Years 2021, 2020 and 2019, we manufactured approximately 1,058,240 MT, 1,008,115 MT and 1,057,320 MT of Sulphuric acid.

Raw materials

Our primary raw materials include Phosphate Rock, Phosphoric acid, Sulphuric acid, Sulphur, Ammonia and MOP. We source our raw materials locally as well as various other countries such as Morocco, Jordan, Qatar and Saudi Arabia. In the Financial Year 2021, we had procured raw materials from approximately six suppliers and all of them have been supplying raw materials to us for more than 10 years. Our manufacturing facility is equipped with a laboratory where we test, among other things, raw materials for quality and quantity and use an integrated enterprise resource planning solution, which enables us to monitor our stock of raw materials and quality of raw materials obtained from each vendor.

In order to ensure a stable supply of our key raw material by value, Phosphate Rock, Sulphur and Ammonia, we have entered into medium to long-term agreements for procurement of such raw material. The long-term agreements provides long-term raw material security, enhances our ability to benefit from increasing economies of scale with stronger purchasing power for other raw materials, thereby maintaining a competitive cost structure to achieve sustainable growth and profitability.

Phosphate Rock

Our Company has entered into a long term supply agreement with OCP for the procurement of Phosphate Rock (PB1 quality; K09 / K09D quality) dated January 1, 2021, for term three years, expiring December 31, 2023 and which may be automatically renewed for successive periods of two years. We are required to purchase a minimum quantity of 0.8 million MT to 1.5 million MT per contract year, with a variation of 10% for shipping tolerance, at the option of OCP. Any additional requirements will be mutually agreed between our Company and OCP. The price per MT of Phosphate Rock shall be calculated in accordance with the formula provided in the agreement and is subject to a floor price. Further, our Company is required to make payment within 30 days of receipt of the invoice and OCP is required to grant our Company a certain discount on the total value of quantity purchased annually, provided our Company purchases all required Phosphate Rock exclusively from OCP a contract year.

Sulphur

Our Company has entered into an agreement for supply of Sulphur dated April 18, 2019 with a Government owned oil and gas corporation for the procurement of Sulphur in molten form. We are required to purchase and uplift approximately 120,000 MT per annum, with a variation of 10%, depending on production levels. The price of Sulphur shall be calculated in accordance with the formula provided in the agreement and the payments are required to be made twice every month. The molten Sulphur to be supplied is required to meet certain quality specifications. Our Company has right to inspect the quality of the molten Sulphur. The agreement was originally valid for a period of two years with effect from April 1, 2019. In March 2021, this agreement was reviewed and extended until October 31, 2021 upon which the terms will be further reviewed and may be extended for a further period of three years on mutually acceptable terms and conditions.

Ammonia

Our Company has also entered into a long term sale agreement dated June 30, 2015 with a Qatar state owned chemical and petrochemical marketing and distribution company for purchase of liquid Anhydrous Ammonia (fertilizer grade), refrigerated at specified levels, in bulk. There is a firm commitment of purchasing 80,000 MT per contract year evenly spread, with a variation of 5% for shipping tolerance or as mutually agreed between parties. Further, subject to the other party's consent, there is an optional commitment of purchasing an additional 20,000 MT per contract year evenly spread with a variation of 5% for shipping tolerance or as mutually agreed between parties. The price for one MT of liquid Anhydrous Ammonia is calculated based on the sum of the product element and the freight element, as specified in the agreement. The payment is required to be made by our Company within 60 days of the date of the invoice. The agreement has been extended until June 30, 2022 and may be extended by one year upon mutual agreement between both parties. As per the terms of the agreement,

we are not permitted to export to or import the liquid Anhydrous Ammonia into any Restricted Jurisdiction, i.e. any country, state, territory or region (i) against which there are sanctions imposed by the United Nations and / or to which the supplies of liquid Anhydrous Ammonia are prohibited or restricted under the laws of state of Qatar; or (ii) that is a destination prohibited by the terms on which seller acquired the liquid Anhydrous Ammonia.

In addition, we are party to a sale and purchase agreement with a large Indian fertilizer company that trades, sells, markets and supplies critical raw materials to India, and, which was recently renewed in March 12, 2020, for purchase of liquid Anhydrous Ammonia (fertilizer grade), refrigerated at specified levels, in bulk. The total quantity of liquid Anhydrous Ammonia to be supplied under the agreement is 200,000 MT to 250,000 MT with a variation of 10% at seller's option. The price for each cargo shall be calculated as per the pricing formula provided in the agreement.

We purchase MOP on a spot basis. We also purchase Phosphoric acid and Sulphuric acid on a spot basis to fill any gaps in the requirements based on the production needs for quantity and quality.

The following table sets forth our average annual requirement and the cost of purchasing each raw material as a percentage of the overall cost of raw materials consumed for the Financial Years 2021, 2020 and 2019:

Raw material	Average annual requirement (in million MT)	% of our cost of raw materials consumed		
		Financial Year 2021	Financial Year 2020	Financial Year 2019
Phosphate Rock	1.04	41	38	33
Sulphur	0.33	11	9	13
Ammonia	0.29	20	20	24
Phosphoric acid	0.14	24	26	27
Sulphuric acid	Nil	Nil	Nil	1
MOP	0.02	4	5	1

Service Offerings

We provide a spectrum of services that include:

- **Marketing Services for Inclusive Growth:** Our Company, through its mission 'Serving Farmers Saving Farming', trains the farmers to increase their level of income through various income generating schemes in order to educate farmers on complete agronomic solutions and raise the contributions of the agricultural sector, at no cost. Our Company also provides training to farmers on scientific crop management practices. We have a team of dedicated field workers across 14 states, and the team undertakes activities such as farmers meetings, seed treatment drives, plant protection campaigns, crop seminars, field demonstrations, field days, *kisan mela*, exhibitions, jeep campaigns and retailers meetings. In addition, we operate a farmers' training school at Baramunda, Bhubaneswar on a public-private partnership model. Any expenses in relation to the training programmes conducted for farmers that are organized by our Company, as well a provision for lodging and boarding of participants of our Company during such training programmes, is required to be borne by our Company.
- **Healthy Soil Wealthy Nation:** Our Company, through its mission 'Healthy Soil Wealthy Nation', educates the farmers on the importance of soil health and explains the benefits of soil testing, at no cost. Our Company undertakes a soil testing campaign, followed by soil collection from the farmer's field, analyzing the soil in reputed laboratories and handing over the results of the analysis to the farmer along with recommendation of the (i) fertilizer dosage based on nutrient status of the soil; and (ii) crop which is to be grown. As of March 31, 2021, over 41,335 samples of soil have been tested and farmers have benefited from these specialized services.
- **Navratna Samachar:** We publish a quarterly agricultural magazine 'Navratna Samachar' and the magazine is published in Hindi, Bengali, Oriya, Telegu and Marathi. The magazine is circulated to the farmers at no cost. The magazine covers details of complete agronomic solutions for various types of crops, tips on different income generating schemes, fertilizer recommendations given by various states for different types of crops grown by the states, subsidies announced by the state government for various types of agricultural and horticultural crops. The magazine also covers success stories of farmers and the experiences of leading dealers in implementing various schemes in the villages in their catchment area.

Manufacturing facility

We have an integrated manufacturing facility in Paradeep and currently operate a DAP and NPK production facility, a Sulphuric acid production plant and a Phosphoric acid production plant. We have backward integrated our manufacturing process by producing the two other key raw material by value, Phosphoric acid and Sulphuric acid. We manufacture Phosphoric acid and Sulphuric acid at our production plants.

The following table sets forth the production plant wise capacity utilization for the Financial Years 2021, 2020 and 2019:

Production plant	Annual Granulation capacity (in million MT)	For financial Year 2021		For financial Year 2020		For financial Year 2019	
		Actual capacity (in million MT)	Capacity utilization (%)	Actual capacity (in million MT)	Capacity utilization (%)	Actual capacity (in million MT)	Capacity utilization (%)
DAP and NPK	1.40	1.2	85	1.2	88	1.2	100
Sulphuric acid	1.30	1.39	76	1.39	73	1.39	76
Phosphoric acid	0.30	0.30	97	0.30	88	0.30	98

We are currently in the process of increasing the annual granulation capacity of our DAP and NPK plant to 1.8 million MT from 1.2 million MT which we expect will be complete by May 2022, in line with our growth in overall business. We also intend to retrofit a new Phosphoric acid production plant to increase our Phosphoric acid annual production by 120,000 MT and also intend to install a new evaporator to increase annual production of strong Phosphoric acid by 116,000 MT. We have a treatment system for treating all the effluents from this facility before discharge.

We consume electricity and water for our manufacturing process, which we source from an Odisha focused electric power transmission and distribution services company and the water resources department in Odisha, respectively. We also have two captive power units of 16 MW each, designed to run on excess steam generated by our Sulphuric acid production plant, and a 23 MW power plant (total 55 MW). We also require furnace oil and high speed diesel for our manufacturing process and have entered into an agreement with a Government owned oil and gas corporation for the procurement of furnace oil and high speed diesel.] Our manufacturing facility is equipped with a quality control laboratory where we test raw materials and finished products for quality and quantity.

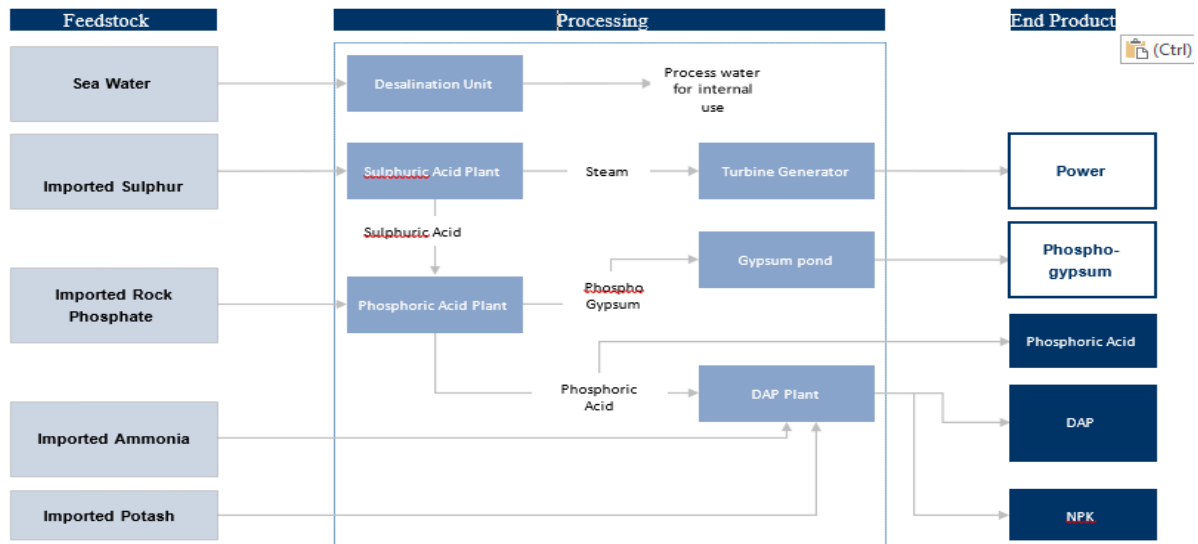
As of March 31, 2021, we also own large parcels of land aggregating to approximately 2,282.42 acres in Paradeep, Odisha. Our existing manufacturing facility is constructed on approximately 33% of such land parcel. Accordingly, we have the ability to further significantly expand our facilities on the remaining portion of the land parcel. Our captive berth with 14 meters draft at Paradeep port also has capacity to process additional unloading as our operations further grow.

Finished Products and Raw Materials Handling and Storage

Our manufacturing facility is strategically located near the Paradeep port, where we own a captive berth with 14 meters draft with facilities to unload solid and liquid cargo. As a result, we are able to meet loading and unloading schedules of the carriers and reduce demurrage charges. We propose to replace our ship unloader by procuring a new one by December 2022 to enhance reliability and efficiency of our port operations. We have a closed conveyor belt which is 3.4 km long connecting the Paradeep port to our facility, which enables us to transport our raw materials in solid form directly to our facility. In addition, we have a 3.1 km long pipeline that enables us to transport raw material in liquid form directly to our facility, and also own a railway siding.

In order to maintain a stable production cycle, have capacity to store up to 120,000 MT, 65,000 MT, 50,000 MT and 35,000 MT of Phosphate Rock, Phosphoric acid, Sulphur and MOP, respectively. We also have an Ammonia storage facility of approximately 40,000 MT. The ability to store raw materials at our facility enables us to withstand disruptions in supply as well as volatility in the price of raw materials for a short duration. Our storage facilities allow us to avoid suspending our production processes (particularly between peak fertilizer sale seasons), which are costly and time consuming to restart, and also enable us to accumulate products to satisfy market demand effectively during peak times by being able to meet the customers' demand in full and on time.

Production processes



Sulphuric acid

Liquid Sulphur is pumped to a combustion chamber to produce Sulphur dioxide. The Sulphur dioxide gas is cooled down in the waste heater boiler. The Sulphur dioxide is then fed to the converter. We maintain the concentration of Sulphuric acid at 98.5% by controlling the quantity of water to be mixed with the Sulphuric acid. The Sulphuric acid is thereafter circulated to the final absorber pump tank and pumped through water-cooled plate type acid coolers to the storage tank.

Phosphoric acid

We grind Phosphate rock and water to make slurry. The slurry is ultimately pumped into a product tank and then passed onto a density tank. The slurry is then pumped to a reactor and sulphuric acid is added to the reactor to produce Phosphoric acid and Phospho-gypsum. The slurry is cooled in a vacuum cooler. The slurry thereafter flows down to a vacuum cooler seal tank and most of the cold slurry returns back to the reactor whereas the remaining slurry moves to the filter feed tank. Slurry from the filter feed tank is fed to the feed box to separate the Phosphoric acid from gypsum. Weak Phosphoric acid is pumped to a clarifier for sludge separation. The clarifier overflow goes to a product acid tank and is either pumped to the DAP production plant or to the evaporators. The weak Phosphoric acid is also concentrated to 54% in evaporators. The concentrated Phosphoric acid flows to the concentrated acid seal tank and is pumped to the concentrated acid clarifier for further sludge separation.

DAP and NPK

Production of DAP and NPK is based on the neutralization of Phosphoric acid by Ammonia. In the pre-neutraliser tank reactor, liquid Ammonia and Phosphoric acid react to produce slurry, which is discharged from the pre-neutraliser directly into a granulator by pumps. The heat of the reaction raises the slurry temperature to the boiling point and evaporates the existing moisture. Further ammonization and addition of Potassium Chloride and / or Ammonium Sulphate (if NPK is produced) take place in a drum granulator.

Zypmite

The primary raw materials required for the production of Zypmite are Phospho-gypsum, Zinc Sulfate, Bentonite, Borax and Dolomite. We mix all these raw materials in a specified proportion in a paddle mixer. Once the wet Zypmite granules are formed, we dry them in a rotary dryer.

Impact of the On-going COVID-19 pandemic on our Business and Operations

On March 14, 2020, India declared COVID-19 as a “notified disaster” and imposed a nationwide lockdown announced on March 24, 2020. Since the onset of COVID-19, we have recorded positive cases within our business, including for some of our management team, as well as cases within our supply chains. A second wave of COVID-19 beginning in March 2021 had become more severe and widespread than the first wave during 2020, with many geographies experiencing shortages of vaccines, hospital beds and oxygen. This second wave had also resulted in additional lockdowns throughout India. There is uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government of India, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business and operations in the future. Impacts that we have observed to our business and operations since the beginning of the COVID-19 pandemic include:

- **Plant operations** – precautions relating to movement and social distancing imposed by district authorities has limited the total workforce we can accommodate within certain parts of our plant operations. We are currently limited to approximately 75% of our typical workforce because of such precautions.
- **Supply chain** – we have experienced a shortage of labor at all “rake points” (i.e., the destination point for rail cargo) and at all “godowns” (or warehouses) which slowed or temporarily halted our operations. In particular, rake points that depend primarily on migrant labor were most affected as a result of labor relocating home in early May 2020 following the introduction of Shramik trains. Further, bagging, loading and unloading operations as well as cargo handling functions were adversely impacted as parts of our supply chain labor force experienced difficulty accessing villages, had movement restricted and had working hour restrictions imposed by local authorities. In addition, we experienced a significant reduction in the availability of truck transportation due to trucks being stranded across the country and a shortage of drivers due to mobility constraints.
- **Sales and marketing** – certain state borders were closed by state governments and the closure of the Agricultural Produce Market Committee, as well as bazaars, shops and mandis (agricultural markets) for periods during lockdowns resulted in a significant reduction in the daily direct face-to-face contact of our field force with dealers/retailers/farmers.

In response to the COVID-19 pandemic, we initiated a response team consisting of personnel from our human resources, administration, security, management and communications teams, as well as medical advisors to monitor, track, trace and assist employees with COVID-19 matters. We have also facilitated COVID-19 testing, initiated a fever clinic, distributed sanitizer machines within our operations, and are providing free vaccinations to our employees. We also initiated arrangements for parts of our workforce to remain within the plant premises so that certain operational activity could continue and be optimized during COVID-19 restrictions. In doing so, we also provide personal protective equipment during this time, such as masks and sanitizers.

Further, we have maintained communications with the Government of India’s Department of Fertilizers, local government bodies in relation to certain Ministry of Home Affairs guidelines for sales and distributions of fertilizers and agricultural inputs, other district administrators and police departments in an effort to ensure we supported such entities, are informed as to the latest information / restrictions and obtain any required permissions and passes. Further and subject to restrictions, we have mobilized parts of our workforce by sending vehicles for pickup/drop-offs and arranged for the pooling of trucks and drivers. Additional communication such as providing advanced weather related warnings to our dealers and warehouses has allowed for faster unloading and truck turnaround times, two-point rakes result in less handling and can mitigate greater loading/unloading times, and the nomination of vessels to ports that possess greater levels of mechanization have all assisted in mitigating the various supply-chain challenges we faced and continue to face.

We have also coordinated with railway operators to accommodate circumstances where handling activities at rakes have required greater time and utilized certain relaxations provided in demurrage and wharfage activities, which has helped improve our related loading, unloading and logistics activities. In addition, we have ensured payments to transport operators within our supply chain have continued despite certain delays that may occur as a result of restrictions. We have also created a series of digital media materials for dissemination that are aimed at advising farmers and retailers of the recommended protocols to follow for the safeguarding of themselves against COVID-19 and to communicate our appreciation of their work during this time.

With the second wave of COVID-19 currently spreading throughout India and lockdowns being implemented

periodically to varying degrees by state governments and local administrations, there remains significant uncertainty relating to the long-term adverse impact of the COVID-19 pandemic on the Indian economy, as well as the global economy and financial markets, and as a result we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in the “Risk Factors” section.

Subsidies

The Government of India has formulated various policies to support the fertilizer industry in India and to control and maintain the prices of essential fertilizers at low levels. The NBS Policy was implemented in Financial Year 2011 and as per the terms of the NBS Policy, the subsidies on Phosphatic fertilizers is fixed at the nutrient level and producers have the freedom to fix retail prices. (Source: CRISIL Report) The subsidy is released to fertilizer companies as per NBS rates so that fertilizers are made available to farmers at affordable price. The Government’s total fertilizer subsidy for Financial Year 2021 was ₹ 637 billion. (Source: CRISIL Report)

According to CRISIL, lower than required provisioning of fertiliser subsidies by the Government in recent years has resulted in a subsidy backlog of ₹ 481 billion in Financial Year 2020. However, with sufficient budget allocation for Financial Year 2021, the outstanding subsidy arrears declined substantially to approximately ₹ 70 billion as of March 2021. In spite of more than required budgeting, there was a roll over subsidy towards pending clearance of stock through point-of-sales. In February 2021, the Government announced ₹ 795.3 billion for fertiliser subsidies in the Union Budget for Financial Year 2022. In May 2021, the Cabinet Committee on Economic Affairs allocated an additional ₹ 147.75 billion for non-urea fertilisers by revising the NBS rates. The Government also announced an additional ₹ 650.00 billion allocation for fertilizer subsidy under the Atmanirbhar 3.0 package. This allocation is sufficient in order to cater to subsidy requirement of this Financial Year and pay off the bulk of roll over subsidy of the previous years. (Source: CRISIL Report)

In addition to NBS, subsidy for primary freight movement of decontrolled fertilizers by rail and road and coastal shipping or inland shipping is provided by the Government to enable wider availability of fertilizers even in the remote places in India. (Source: CRISIL Report) We believe that this enables us to distribute our products across states in India in a more cost-efficient manner.

Under the Fertilizer DBT system, 100% subsidy on various fertilizer grades is released to fertilizer companies on the basis of actual sales made by the retailers to beneficiaries (i.e. farmers). The primary objective of introducing DBT was to increase transparency, reduce leakage of benefits and increase efficiency of social security programs. Further, the subsidized fertilizers are only sold through the points of sale devices registered with the Department of Fertilizers, India. (Source: CRISIL Report)

Further, the Department of Fertilizers, India has developed an IT enabled system, namely, Integrated Fertilizer Management System (“iFMS”), which captures end to end details of fertilizers in terms of production, movement, availability, requirement, sale, subsidy bill generation to subsidy payment to manufacturers of fertilizers. (Source: CRISIL Report) We believe that this enables us to track the movement of fertilizers through the supply chain, track the sale of fertilizers to farmers at subsidized rates and the iFMS system provides transaction visibility of fertilizers starting from the production until the sale of fertilizers to farmers.

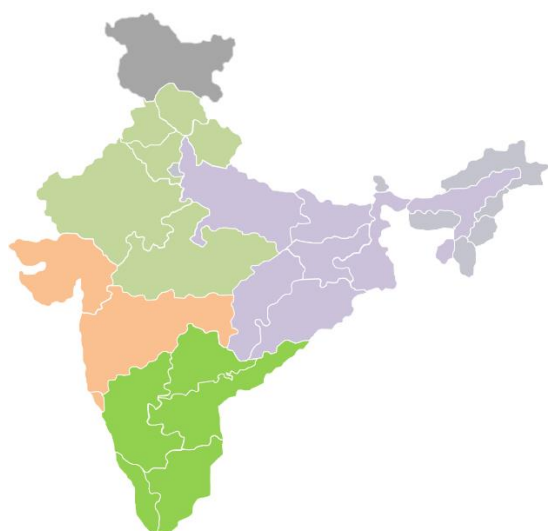
Sales and Marketing

Our manufacturing facility is strategically located in Paradeep, the centre of the agricultural belt of Odisha, with the Gangetic plains of West Bengal in the East and Bihar in the North. The high fertilizer demand markets of Maharashtra, Andhra Pradesh, Telangana and Karnataka are also well-connected.

We distribute our products across 17 states in India through various private and institutional channels. For instance, in states such as Madhya Pradesh, Chattisgarh and Telangana, we supply our products to marketing federations in co-operative channels. As of March 31, 2021, we have set up a network of 11 regional marketing offices and 1,324 stock points in 17 states across India. As of March 31, 2021, our network comprised 4,529 dealers and over 60,257 retailers, catering to five million estimated farmers in India. Further, we have a dedicated team of 70 marketing officers, 14 junior agronomists and 72 field assistants.

As of March 31, 2021, the north, south, east and western regions of India accounted for 5.3%, 22.6%, 46.2% and 25.9% of our Company’s total sales, respectively. Our network across India by state as of March 31, 2021 is set

out in the map below:



Region	No. of dealers	% of sales*
South	2095	22.6
East	1273	46.2
West	834	25.9
North	327	5.3

Source: Company information

*Based on 2021 figures

Our widespread sales and distribution network is further aided by access to the market on a real-time basis through MFMS portal that provides product-wise data on the movement of fertilizers from our Company to the farmers, dash boards on our internal portals and other effective intelligence tools which provide efficient last mile connectivity and an extensive farmer database on over five million farmers.

We undertake various marketing initiatives that are directed towards distributors and farmers. They consist of a broad range of advertising and promotional tools, such as meeting with farmers, promotions at point-of-sale locations, field demonstrations, organizing bazaar days, rural upliftment programmes in selected districts where fertilizer consumption is low, crop seminars, trainings programmes for farmers, programmes for promoting soil health awareness, distribution of crop and product literature, publicity van campaigns, retailers' meets, hoardings and direct marketing activities. Further, we periodically organize meetings with our dealers and retailers to build our brand, introduce new products and train our dealers and retailers about the suitability of our products for specific crops. We have also set up a farmer training school in Bhubaneswar in collaboration with the Department of Agriculture, Government of Odisha for training farmers. In addition, we have toll-free lines 'Hello Jai Kisaan' that are operated by agricultural experts who are well equipped to advise farmers on scientific agriculture as a part of the Adventz Group initiative. We also provide our support on the farms through our trained extension workers 'Jai Kisaan Krishi Salahakars', as a part of the Adventz Group initiative.

Environment, Health and Safety

We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted an Integrated Management System Policy ("IMS Policy") that is aimed at improving our performance in safety, health, environment protection, energy conservation, quality of our products and services throughout our operation and product life cycle. We aim to minimize the adverse impact of our products and activities on the environment, maintain ecological balance and protect the bio-diversity near our manufacturing facility. Further, we aim to comply with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and people working at our manufacturing facility or under our management.

We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management and our employees. We have implemented work safety measures to ensure a safe working environment at our facilities. We have conducted safety programs at our facilities and developed customized training videos and modules. Our safety department routinely conducts safety inspection and our plant is periodically inspected by CIGG (Factory Directorate). In addition, Our Company also conducts mock fire and safety drills as a part of the disaster

management plan. We have also installed fire detection systems such as optical smoke detectors and response indicators.

In addition, we are subject to extensive environmental laws and regulations in India, including regulations relating to prevention and control of water pollution and air pollution, environmental protection, hazardous waste management and noise pollution, in relation to our manufacturing facility. These laws and regulations govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations, and any failure to comply with the applicable laws and regulations may subject us to penalties and may also result in the closure of our manufacturing facility.

We undertake various initiatives on clean technology, energy efficiency, renewable energy and water conservation to address global environment issues such as climate change and global warming. We have adopted “zero” effluent discharge. We have also taken various measures such as installed bag filters at transfer points, constructed new gypsum pond, installed waste composter at our canteen, installed online ambient air quality and stack and effluent monitoring systems.

Quality Control and Process Safety

We believe that maintaining high quality of our products is critical to our brand and continue success. We place great emphasis on quality assurance and product safety at each step of the production process, right from the procurement of raw materials until the finished product is packaged and ready for distribution to ensure that the quality of our products meets the expectation of our customers and achieve maximum customer satisfaction. We have adopted the IMS Policy and implemented quality systems at our manufacturing facility that covers all areas of our business processes from manufacturing, supply chain to product delivery for ensuring consistent quality, efficacy and safety of our products. We ensure that our manufacturing facility is in compliance with regulatory standards.

We have also implemented stringent quality control standards for raw material suppliers and vendors. We have a quality control laboratory at Paradeep, Odisha. We conduct sampling tests to ensure that the colour, odour, appearance and nutrients of the raw materials comply with our requirements. Once the testing of the raw materials is complete, our head of department certifies that the quality of raw material is suitable for the production of fertilizers. In some instances, we also send the raw materials to NABL accredited or national laboratories to cross-check the quality parameters. We also inspect product samples at the assembly line and conduct batch-wise quality inspections on our products periodically to ensure compliance with applicable safety standards and laws. We conduct sample surveys at places where our products are sold to ensure that our products are properly transported and stored. We test our raw materials and finished products are our quality control laboratory. We use equipment such as atomic absorption spectrophotometer for analysis of heavy metal, autoanalyser for Ammonia and Phosphorus Pentoxide and UV-spectrophotometer.

As of March 31, 2021, our quality control team consisted of 29 employees at our manufacturing facility. Our employees are required to undergo thorough training programs designed to update them on latest quality norms and standards periodically. We have also appointed a surveyor for sampling the imported shipments at the Paradeep port.

We are a premium member of the British Safety Council. Our facility has been certified for compliance with quality management system standards under ISO 9001:2015, ISO 14001:2015”, ISO 45001:2018, ISO 5000-2011.

Quality Control Laboratory (Research and Development)

We have a research and development centre in Paradeep, Odisha. As of March 31, 2021, our research and development team consisted of 29 employees at our manufacturing facility, within our quality control laboratory. It is recognized by the Department of Scientific and Industrial Research, Government of India with effect from September 25, 2014 and the certificate has been renewed up to March 31, 2023.

Information Technology

We use SAP S/4HANA, which is an integrated ERP analytic business solution that allows us to perform transactions and analyse our business data in real-time. We use this ERP capability to better integrate a number of departments, such as raw material management, production planning, plant maintenance, sales and distribution, financial and accounting, governance, risk and compliance and human resources, which allows us to make

information driven decisions and manage performance. Such SAP technology is also utilized in our disaster recovery server.

We also use applications such as sales portal integrated with SAP, compliance monitoring system, ZING HR for payroll processing, Facto HR for provident fund and superannuation management, electronic safety permit and safety management system, contract labour management system, visitor and canteen management system, Svisor for attendance management and SKF for vibration monitoring system.

All our critical business applications and servers are located at the Adventz Group IT data centre located in Goa. The disaster recovery server for the Adventz Group, including us, is located in Mangalore. We are connected to both the locations through a multi-protocol label switching, namely, a mechanism for forwarding packets for any network protocol. Both the IT data centre and the disaster recover server are ISO 27001 certified.

Our IT systems are vital to our business and we have established a differentiated technology infrastructure with web-based integrated systems and tools to assist us in our operations. In order to maintain data security and comply with data protection laws, we have strengthened our cyber security environment by building layered cyber defenses, data leakage prevention systems, ensuring internal data classification, implementing strong internal controls, critical transactions logging and monitoring mechanisms. We also use a high level ring topology across the network for lower downtime and redundancy. On March 29, 2019, we received the ISO/IEC 27001:2013 certification for provision of information security for data center and disaster recovery center as per v1.0 of statement of applicability from MQAS. We have adopted Information Security Management System (“ISMS”) Policies. We have entered into a hardware and software sharing agreement dated June 21, 2019 with MCFL for accessing, copying and using the secondary disaster recovery centre located at the plant at Mangalore and for using the licensed hardware and software. We have also entered into a hardware, software and database sharing agreement dated June 25, 2019 with ZACL for accessing, copying and using the hardware and data-base as well as for using the licensing hardware and data-base.

Competition

The Indian fertilizer industry is highly fragmented and competitive. Our main competitors include Coromandel International Limited, Indian Potash Limited, Mangalore Chemicals and Fertilizers Limited, Fertilizers and Chemicals Travancore Limited, Southern Petrochemicals Industries Corporation Limited, Smartchem Technologies Limited, Deepak Fertilizers and Petrochemicals Corporation Limited, Rashtriya Chemicals and Fertilizers Limited, National Fertilizers Limited, Gujarat State Fertilizers and Chemicals Limited, Sardar Fertilizers Private Limited, Mosaic India Private Limited, Chambal Fertilizers and Chemicals Limited, Hindalco Industries Limited, Indorama Fertilizer and Petrochemical Limited, Indian Farmers Fertilizer Cooperative Limited and Krishak Bharati Cooperative Limited.

Intellectual Property

Our Company has registered the following trademarks with the Registrar of Trademarks under the Trade Marks Act, 1999:

Trademark number	Trademark	Class
2680218		1
2680216		1

Trademark number	Trademark	Class
2680217		1

Our fertilizers are marketed under the brand names ‘Jai Kisaan – Navratna’ and ‘Navratna’. As on the date of this Draft Red Herring Prospectus, our Company has registered trademarks under class-01 with the Registrar of Trademarks under the Trade Marks Act, for the ‘Navratna’ brand of fertilizer.

In addition, we have entered into licensing arrangements for use of trademarks “Jai Kisaan” and “Mangala”. Pursuant to the ZACL License Agreement (a trademark license agreement dated April 1, 2021 executed between our Company and ZACL), ZACL has licensed the use of the “Jai Kisaan” trademark, for a period of three years and we are required to pay an agreed percentage of gross contribution to be calculated in terms of the agreement Navratna. In addition, our Group Company, MCFL, owns the trademark “Mangala”. Pursuant to a trademark license agreement dated April 7, 2021 executed between our Company and MCFL, MCFL has licensed the use of the “Mangala” trademark, along with the goodwill for procurement, bagging and marketing of certain agreed products for a two year term with effect from April 1, 2021 up to March 31, 2023, for an agreed percentage of gross contribution to be calculated in accordance with the terms of this agreement if the trademark “Mangala” is used exclusively (and not when used along with other trademarks of our Company), which percentage shall be payable on a quarterly basis in arrears.

Insurance

Our operations are subject to hazards inherent in fertilizer manufacturing facilities such as risk of equipment failure, work accidents, fire, chemical spillage, atmospheric dispersion, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment and environmental damage. We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include all risk insurance policy, electronic equipment insurance policy, standard fire and special perils policy – floater declaration policy, marine sales turnover policy, machinery breakdown insurance policy, business interruption policy, fire-mega risk policy, money insurance policy, liability insurance policy, standalone terrorism – fire insurance policy, burglary, fidelity guarantee and directors’ and officers’ liability insurance policy. Our insurance policies may not be sufficient to cover our economic loss. See “**Risk Factors – We are susceptible to product liability claims that may not be covered by insurance, which may require substantial expenditure and may adversely affect our reputation and if successful, could require us to pay substantial sums**” and “**Risk Factors - Our insurance coverage may not be sufficient or adequate to protect us against all material hazards, which may adversely affect our business, results of operations and financial condition**” on page 38.

Our Credit Ratings

Our present credit rating is set forth below:

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

Employees

As of March 31, 2021, we employed 915 permanent personnel. We have also hired seven consultants as of March 31, 2021. We also hire contract labor for our operations from time to time. The breakdown of our employees in different functionalities as on March 31, 2021, has been provided below:

Function	Number of permanent employees
Plant and Bhubhaneshwar	
Production / manufacturing	301
Maintenance	244

<i>Function</i>	<i>Number of permanent employees</i>
Process engineering	5
Engineering and inspection	8
Quality control lab (Research and Development)	29
Fire and safety	6
Environment Management	5
MIS	2
Project	17
Commercial	30
Plant and Bhubhaneshwar	9
COO's office	1
Human Resources / Industrial Relations, administration, CSR, guest house, weigh bridge, time office, contract cell, security, town administration and Learning and Development	37
Medical	25
Corporate Affairs and Administration, Bhubhaneshwar	2
Legal cell, BBSR	3
Finance and accounts, plant and Bhubhaneshwar	25
IT (System), Plant	1
Corporate Office	
Group Human Resources	5
Company secretary, corporate	1
MD's office	1
Internal Audit	1
Commercial, corporate office	5
Regional offices	
Marketing	140
Marketing finance	12
Total	915

Our work force is a critical factor in maintaining quality and safety, which strengthens our competitive position and we have adopted human resource practices to ensure talent acquisition and retention to meet our growth needs. We train our employees on a regular basis to increase the level of operational excellence, improve productivity and maintain compliance standards on quality and safety. We seek to maintain a high performance work culture based on values of development, collaboration and reach. The key elements driving our practices include customer focus, process orientation, people focus, drive for results, business acumen and decision making and communication and executive presence.

We offer our employees performance-linked incentives and benefits and conduct employee engagement programmes from time-to-time. Our employees are represented by a union 'Paradeep Phosphates Employees Union'. Our contract workers are represented by registered unions 'Paradeep Erasama Industrial Workers Union', PPL Workers Union and Paradeep Phosphates Mazdoor Union. We believe we have good relations with our employees and contract workers. Except as disclosed in ***"Risk factors – We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations"*** on page 39, we have not experienced any work stoppages due to labour disputes or cessation of work in the recent past.

Awards

Over the years we have won several awards and accolades including:

Awards for sustainability

- 19th Greentech Safety Award 2020 for outstanding achievement in category of industry sector safety excellence
- Platinum award for Best Brand in Corporate Excellence (CSR Category) for the year 2019 – 2020
- Kalinga Safety Award 2019 from the Government of Odisha
- FAI Environmental Protection Award in the NP/NPK fertilizer plants with captive acids category for the year 2019-20 by the Fertilizer Association of India
- ICONSWM Excellence Award 2019 at the 9th International Conference on Sustainable Waste Management towards Circular Economy

- Significant Contribution towards CSR and HR at CSR-HR Colloquium by Odisha CSR Forum at the CSR-HR Colloquium 2019

Awards for business excellence

- Best Brand Platinum Award 2021 in Corporate Excellence category
- Brands of Odisha: Pride of India award at the Sambad Corporate Excellence Awards, 2020 by Eastern Media Limited
- FAI Award for the best production performance of an operating Phosphoric acid plant for the year 2018-2019 by the Fertilizer Association of India
- ‘Smart Exporter-Gypsum’ Award at the Smart Logistics Awards 2019
- Brand Leadership Award at the Bhubaneswar Brand Leadership Awards in 2019
- First position for ‘HR Best Practices – Union Management Relationship’ by NHRD 2019

Leadership awards

- Mr. Ranjit Singh Chugh, our Chief Operating Officer, was awarded as one among top 10 CEO -2021 by CEO Insight – July 2021
- Mr. Ranjit Singh Chugh, our Chief Operating Officer, was awarded the ‘Best COO’ award by the Government of Odisha – Jan 2020

Corporate Social Responsibility

We have adopted a corporate social responsibility (“CSR”) policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 notified by the Central Government. Our Company’s CSR initiatives are focused on enhancing agricultural productivity and farmers’ income, promoting preventive healthcare, sanitation and making safe drinking water available, promoting education, promoting gender equality, promoting environmental sustainability, promoting rural and nationally recognized sports, organizing health checkup camps for people during COVID-19 pandemic, organizing programs on disaster mitigation and emergency relief support, supporting elderly as well as children with no parental care, contributing to Odisha State Disaster Management Authority, General Administration and Public Grievance Department, Odisha and Kerala Chief Minister Distress Relief Fund for socio-economic development and relief, and rural development projects.

Properties

Our registered office is located at Bayan Bhawan, Pandit Jawaharlal Nehru Marg, Bhubaneswar, Odisha, 751001, which has been taken on lease by our Company for a period of five years up to March 31, 2022. Our manufacturing facility is located at PPL Township, Paradeep, Jagatsinghpur, Odisha, 754 145. As of the date of this Draft Red Herring Prospectus, certain parcels of land for the manufacturing facility is held by our Company on a leasehold basis and certain parcels of land are held on a freehold basis. We have a soil testing laboratory on leased premises. We operate a farmers’ training school on a public private partnership mode on leased premises. In addition, we have leased or licensed properties at various locations in India, for setting up our regional marketing offices.

THE GOA FACILITY

The industry-related information contained in this section is derived from the CRISIL Report that was commissioned and paid for by the Company, exclusively in connection with the Offer. Neither we, nor the BRLMs, nor any other person connected with the Offer has independently verified such information. In this section, unless the context otherwise requires, references to “we”, “us”, “our” and similar terms are to Paradeep Phosphates Limited on a consolidated basis. Some of the information in this section, contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance of the Goa Facility (defined below). Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under “**Forward-Looking Statements**” “**Risk Factors**”, on pages 17 and 26, respectively. See also “**Industry Overview**” and “**Management’s Discussions and Analysis of Financial Condition and Results of Operations of the Goa Facility**” on pages 98 and 384, respectively, for a discussion of certain factors that may affect the business, financial condition or results of operations of the Goa Facility.

The Goa Facility’s financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

Our Company intends to acquire the Goa Facility with the Net Proceeds of this Offer. For further details in relation to the Goa Facility and the Goa Transaction, see “**Objects of the Offer - Part-financing the acquisition of the Goa Facility**” and “**Carve-out Financial Information**” which includes the special purpose carve-out financial statements as of and for the Financial Years ended March 31, 2021, 2020 and 2019, including the related annexures, that have been prepared in connection with the Goa Transaction and this Offer (the “**Special Purpose Carve-out Financial Statements**”), “**Unaudited Pro Forma Condensed Combined Financial Information**” and “**History and Certain Corporate Matters – Business Transfer Agreement dated March 1, 2021 among our Company and Zuari Agro Chemicals Limited (“ZACL”) as amended by the Addendum to the Business Transfer Agreement dated July 30, 2021**” on pages 80, 302 and 204, respectively.

Overview of the Goa Facility

With a view to (i) increasing the size of our Company, with a product portfolio comprising both Phosphatic and Nitrogenous fertilizers; and (ii) accessing the markets serviced by, and accessing the products and brand offered by ZACL, on March 1, 2021, our Company entered into a business transfer agreement (“**BTA**”) (amended by the Addendum to the Business Transfer Agreement dated July 30, 2021) with ZACL for the purchase of its fertilizer plant in Goa (the “**Goa Facility**”) (the “**Goa Transaction**”) as a going concern on a slump sale basis, for a total consideration equal to the Enterprise Value of INR equivalent of US\$ 280.00 million, subject to necessary adjustments as specified in the BTA and further subject to customary conditions precedent. We have already received an approval dated June 24, 2021 from the Competition Commission of India in relation to acquisition of the Goa Facility on a going concern basis from ZACL. The Goa Transaction does not include the acquisition of ZACL’s single super phosphate fertilizers business or the manufacturing and trading activities of Zuari Farmhub Limited and Mangalore Chemicals and Fertilizers Limited and each of their respective affiliates. We expect completion of the Goa Transaction to occur on or around the completion of the Offer, and upon such completion, we will acquire the business of manufacturing, distributing and/or trading of DAP, Urea, NPK and MOP products, each of which is currently being carried out at the Goa Facility. For further details, see “**Objects of the Offer- Valuation, adjustments and computation of purchase consideration**”, “**History and Other Corporate Matters – Business Transfer Agreement dated March 1, 2021 among our Company and Zuari Agro Chemicals Limited (“ZACL”) as amended by the Addendum to the Business Transfer Agreement dated July 30, 2021**” and “**Government and other Approvals – II. Approvals in relation to acquisition of the Goa Facility from ZACL**” on pages 81, 204 and 416.

The Goa Facility is engaged in manufacturing, distribution and sales of various fertilizers such as DAP, Urea (JK Urea) and several grades of NPK, namely Samarth (NPK-10), Sampatti (NPK-12), Soubhagya (NPK-14), Sampurna (NPK-19) and Uramphos (NPK-28). The Goa Facility is also engaged in the trading of DAP and MOP. This facility is strategically located close to the Mormugao port and includes two NPK production plants (NPK A and NPK B), an Ammonia production plant and a Urea production plant. As of March 31, 2021, the total annual capacity of fertilizers at the Goa facility was 1.2 million MT, comprising 0.8 million MT of DAP and NPK and 0.4 million MT of Urea. In addition, the Goa Facility also manufactures 0.23 million MT per annum of Ammonia which is largely consumed in Urea manufacture. The Goa Facility also has a captive power plant, a railway siding, infrastructure to store raw material and finished goods and a bagging plant. Raw materials are imported and handled at the Mormugao port, where the Goa Facility has unloading and storage facilities, and subsequently transferred to the factory site by road tankers or trucks. For the Financial Years 2021, 2020 and 2019, the Goa

Facility has transported approximately 90% of its finished products through rail wagons from its dedicated railway siding and the rest by trucks.

The fertilizers manufactured at the Goa Facility are marketed under one of the key brand names in the market, 'Jai Kisaan'. Pursuant to a trademark license agreement dated 1 April 2021 executed between our Company and ZACL, ZACL has licensed to our Company the use of the "Jai Kisaan" trademark, along with the goodwill for procurement, bagging and marketing of certain agreed products, until 31 March 2023. During the Financial Years 2021, 2020 and 2019, the Goa Facility manufactured approximately 818,709 MT, 424,232 MT and 1,146,143 MT of fertilizers, respectively. Further, during the Financial Years 2021, 2020 and 2019, the Goa Facility sold approximately 826,916 MT, 660,572 MT and 1,552,768 MT of fertilizers, respectively, comprising both our manufactured fertilizer and traded fertilizer.

The Goa Facility has a sizeable sales and distribution network, with a considerable presence in the Western parts of India. As of March 31, 2021, the Goa Facility's products were distributed across 14 states in India through a network of eight regional marketing offices and 3,055 stock points. As of March 31, 2021, the Goa Facility's marketing network includes 3,157 dealers and 23,811 retailers, catering to 3.0 million farmers in India. Following the completion of the Goa Transaction, we intend to maintain this sales and distribution network, while also assessing potential synergies with our existing network.

The primary raw materials required by the Goa Facility include RLNG, Phosphoric acid, MOP, Ammonia and Urea. The Goa Facility sources its raw materials primarily from countries such as Morocco, Jordan and Qatar. ZACL relies upon long-term agreements for several of the raw materials required by the Goa Facility. For example, on February 12, 2013, ZACL has entered into a 15-year term gas sale agreement with a Government enterprise for the supply of RLNG, and on December 21, 2016, entered into a 29-month supply agreement for ammonia from the Middle East, which has been extended until January 31, 2022.

The total income of the Goa Facility for the Financial Years 2021, 2020 and 2019 was ₹ 22,454.87 million, ₹ 19,992.69 million and ₹ 47,455.95 million, respectively, while the Loss for the year was ₹ 1,398.59 million, ₹ 6,997.51 million and ₹ 897.77 million, respectively. The EBITDA of the Goa Facility for the Financial Years 2021, 2020 and 2019 was ₹ 1,065.89 million, ₹ (3,639.14) million and ₹ 1,799.38 million, respectively. The loss before tax of the Goa Facility for the Financial Years 2021, 2020 and 2019 was ₹ 1,398.59 million, ₹ 6,754.60 million and ₹ 1,356.77 million, respectively.

ZACL has also received several awards and recognitions with respect to the Goa Facility such as a Certificate of Appreciation for safety in 2020 from the National Safety Council – India; a Green Rating Project Award – 3 Leaves in 2019 from the Ministry of Environment, Forest and Climate Change; a Business Goa Award in 2018 for corporate excellence from Business Goa; a Mormugao Port Trust Honours for 2016-2017 for outstanding performance in handling liquid bulk from the Mormugao Port Trust; and Best Production Performance in 2016 for complex fertilizer plants from the Fertilizer Association of India.

The Goa Facility's Competitive Strengths

We believe that the strengths provided below are the principal strengths of the Goa Facility:

Market Access to the important states of Maharashtra, Karnataka, Madhya Pradesh, Chattisgarh and Telengana

The Goa Facility caters to the high fertilizer demand markets of Maharashtra, Karnataka, Madhya Pradesh, Chattisgarh and Telengana that together account for 44.2% of the total phosphate sales in India. In these states, the products sold under the *Jai-Kissan* brand-name have a market share of 9.8%. Its robust performance in the western region is primarily due to ZACL's location in Goa which is proximate to Maharashtra and Karnataka – among the top states in terms of consumption of phosphatic fertilisers. (Source: CRISIL Report)

The products manufactured by the Goa Facility are also those that have strong demand in the such states. Of the total sales of the Goa Facility, approximately 95% was sold in these five states in Financial Year 2021.

Diversified product portfolio with leading market position

The Goa Facility has a diverse product portfolio and is engaged in manufacturing, distribution and sales of various fertilizers such as DAP, several grades of NPK (N-10, N-12, N-14, N-19 and N-28) and Urea. In addition, the Goa

Facility is also involved in the trading of DAP and MOP. The NPK A plant at the Goa Facility can produce five grades of NPK, while the NPK B plant can produce DAP and three grades of NPK, which highlights the facility's product mix flexibility. In addition, according to the CRISIL Report, in India, NPK-19 (also known as *Sampurna*) is only produced at the Goa Facility (since 2016), which provides a competitive advantage and supports the facility's leading market position in respect of NPK-19.

During the Financial Years 2021, 2020 and 2019, the Goa Facility manufactured approximately 0.81 million MT, 0.42 million MT and 1.14 million MT of fertilizers, respectively. Further, a substantial majority of NPK grades manufactured at the Goa Facility are sold in the states of Maharashtra, Karnataka and Andhra Pradesh. According to the CRISIL Report, these states have a higher NPK/DAP consumption ratio as well as higher growth rates for NPK as compared to DAP than the national averages for the Financial Years 2019 to 2021 leading to strong sales and growth prospects for the NPK grades manufactured at the Goa Facility.

Upon completion of the Goa Transaction, we will gain access to the additional product mix of the Goa Facility, resulting in a more diversified product portfolio. Specifically, the acquisition of the Goa Facility will provide us with the ability to manufacture and sell Urea as well as three grades of NPK that we currently do not offer (i.e., NPK-14, 19 and 28). We also intend to tailor the product mix at the Goa Facility to meet changes in customer demand for any given period, thereby enabling us to maximize our overall gross profit margin.

Sizeable and co-located Urea and Phosphatic fertilizers manufacturing facilities

The Goa Facility includes a combined NPK production facility, an Ammonia production plant and a Urea production plant. As of March 31, 2021, the total annual capacity of NPK, Urea and Ammonia at the Goa Facility was approximately 0.80 million MT per annum, 0.40 million MT per annum and 0.23 million MT per annum, respectively. This is expected to allow us to scale our operations by growing our manufacturing capabilities. Following completion of the Goa Transaction, we expect to be the seventh largest manufacturer of bulk fertilizers, and the third largest private manufacturer of bulk fertilizers, in India in India (*Source: CRISIL Report*). See "*Description of The Goa Facility's Business — Manufacturing Facility and Other Infrastructure*" for tabular information relating to production plant wise capacity utilization for the Financial Years 2021, 2020 and 2019.

According to the CRISIL Report, only six out of 46 fertilizer plants in India as of March 31, 2021, have co-located facilities that manufacture both Phosphatic fertilizers and Urea, and the Goa Facility is one of them. We believe that this provides the Goa Facility with a competitive advantage which in turn facilitates a higher market share of the dealers and farmers requiring such products. Further, having a co-located facility reduces certain costs and improves efficiency such as through better market planning and rake loading.

Established brand name

Jai Kisaan The Goa Facility is able to generate demand for the brand, '*Jai Kisaan*' through marketing activities such as farmers' meetings, crop seminars and soil health awareness programs and soil testing activities. By gaining access to the '*Jai Kisaan*' brand, we intend to benefit from its brand equity by selling products at a higher margin and bundling our future products.

Experienced technical and management team

Under the BTA, ZACL shall transfer the employment contracts of its key employees at the Goa Facility to our Company with effect from completion of the Goa Transaction. The Goa Facility has an experienced technical and management team with a track record of setting up and operating large-scale fertilizer manufacturing facilities in India. Nitin M. Kantak, Executive Director of the Goa Facility has 40 years of experience in the fertilizer industry, while Nilesh Dessai, Chief Manufacturing Officer of the Goa Facility has 27 years of experience in the fertilizer industry.

Description of The Goa Facility's Business

Products

The Goa Facility is primarily engaged in manufacturing, distribution and sales of a variety of complex fertilizers being DAP, Urea and several grades of NPK, namely N-10, N-12, N-14, N-19 and N-28, as well as the trading of DAP and MOP.

The following table sets forth the volume of fertilizers manufactured and sold, as well as MOP, DAP and NPK-15 which are traded on a spot basis, for the periods indicated.

(In Million MT)

Fertilizers	Financial Year 2021		Financial Year 2020		Financial Year 2019	
	Volumes Manufactured	Volume Sold	Volumes Manufactured	Volume Sold	Volumes Manufactured	Volume Sold
Urea	0.466	0.480	0.233	0.221	0.409	0.406
NPK-10	0.235	0.230	0.103	0.177	0.364	0.327
NPK-12	0.028	0.029	0.018	0.044	0.139	0.121
NPK-19	0.069	0.059	0.029	0.050	0.098	0.083
NPK-14	-	0.002	-	0.005	0.023	0.016
DAP	-	0.001	0.018	0.038	0.114	0.094
NPK-28	0.021	0.023	0.024	0.021	-	-
Traded Fertilizers						
DAP- Traded	NA	0.003	NA	0.046	NA	0.225
MOP- Traded	NA	0.000	NA	0.058	NA	0.271
NPK-15- Traded	NA	0.000	NA	0.001	NA	0.008
Total	0.819	0.827	0.424	0.661	1.146	1.551

DAP

See “Our Business — Description of our Business — Products — DAP” for a general description of DAP. For the Financial Years 2021, 2020 and 2019, the Goa Facility manufactured nil MT, 17,953 MT and 113,572 MT of DAP.

NPK

See “Our Business — Description of our Business — Products — NPK” for a general description of NPK. In addition to NPK-10 and NPK-12 which we also manufacture, the Goa Facility manufactures the following NPK fertilizers:

- NPK-14:

NPK-14 fertilizer contains nitrogen, phosphorus and potassium in the ratio of 14:35:14 and is suitable for almost all kinds of crops except tobacco and grapes. It has very high total nutrient content among NPK fertilizers. For the Financial Years 2021, 2020 and 2019, we manufactured nil MT, nil MT and 23,320 MT of NPK-14, respectively.

- NPK-19:

NPK-19 fertilizer contains nitrogen, phosphorus and potassium in the ratio of 19:19:19 and is suitable for all crops. It enhances tillering, branching, flowering and yield. For the Financial Years 2021, 2020 and 2019, we manufactured 69,241 MT, 29,254 MT and 97,704 MT of NPK-19, respectively.

- NPK-28:

NPK-28 fertilizer contains equal proportions of nitrogen and phosphorus and is suitable for all crops. It enhances root development, flower setting and panicle emergence in plants. For the Financial Years 2021, 2020 and 2019, we manufactured 20,879 MT, 23,610 MT and nil MT of NPK-28, respectively.

Urea

Urea contains 46% nitrogen, with 0.035% neem oil. Urea coated with neem oil allows a more gradual release of nitrogen, helping plants to gain more nutrition and improving crop yields. Neem oil acts as an insecticide and resists the attack of insects on crops and can be used in both solid and liquid formulations. For the Financial Years 2021, 2020 and 2019, we manufactured 466,039 MT, 232,657 MT and 408,849 MT of Urea.

Raw Materials

The primary raw materials required by the Goa Facility are RLNG, Phosphoric acid, MOP, Ammonia and Urea.

In order to ensure a stable supply of RLNG and Ammonia, the Goa Facility has entered into medium to long-term agreements. These agreements are intended to provide raw material security, while benefitting from increasing economies of scale. These agreements shall be novated or assigned in our favor upon the completion of the Goa Transaction.

RLNG

ZACL has entered into a 15-year term gas sale agreement dated February 12, 2013 with a Government enterprise for purchase of RLNG. RLNG is a critical raw material for Ammonia and Urea. Some of the key terms of this agreement include:

- The sale and purchase of RLNG shall be on a take-or-pay basis.
- A firm commitment to purchase 12,938.095 billion British Thermal Unit (“**BTU**”) in the first contract year, 14,835.682 billion BTU in each subsequent contract year except for the last contract year, and 4,312.698 billion BTU in the last contract year. The annual contract quantities may be varied in accordance with the agreement. Further, ZACL may request additional quantities of gas of up to 10% of the annual contracted amount as mutually agreed between parties.

Phosphoric acid

The Goa Facility purchases phosphoric acid from OCP on a quarterly basis. Phosphoric acid is a key raw material used to produce Phosphatic fertilizers such as DAP and other NPK products.

MOP

The Goa Facility purchases MOP from a large potash producer, headquartered in Jordan, on a spot basis. MOP is used for producing NPK fertilizer.

Ammonia

ZACL has entered into a long term sales agreement dated December 21, 2016 with a supplier from the Middle East for the purchase of liquid Anhydrous Ammonia (fertilizer grade). Ammonia is used to make NPK. Some of the key terms of this agreement include:

- A firm commitment to purchase 80,000 MT per contract year evenly spread, with a variation of 5% for shipping tolerance.
- Price for one MT of liquid Anhydrous Ammonia is calculated based on the sum of the product element and the freight element, as specified in the agreement.
- The agreement has been extended until January 31, 2022 and may be extended by one year upon mutual agreement between both parties.

Urea

The Goa Facility imports urea used in producing DAP and NPK products through tenders.

The following table sets forth the raw material requirement of the Goa Facility for the financial year 2021:

Raw material	Requirement for Financial Year 2021
Phosphoric acid (in MT)	91,776
MOP (in MT)	131,037
Urea (in MT)	27,893
Ammonia (in MT)	21,481
RLNG (in thousand SCM)	292,068

Manufacturing Facility and Other Infrastructure

The Goa Facility operates a combined NPK production plant, an Ammonia production plant and a Urea production plant and is equipped with a quality assurance/quality control laboratory where it tests raw materials and finished products for quality and quantity.

The following table sets forth the production plant wise capacity utilization for the Financial Years 2021, 2020 and 2019:

Plant	Annual capacity (in million MT)	For the Financial Year 2021			For the Financial Year 2020			For the Financial Year 2019		
		Production capacity (in million MT)	Actual Production (in million MT)	Capacity utilization (%)	Production capacity (in million MT)	Actual Production (in million MT)	Capacity utilization (%)	Production capacity (in million MT)	Actual Production (in million MT)	Capacity utilization (%)
NPK	0.81	0.81	0.35	43	0.81	0.19	24	0.81	0.74	91
Urea	0.40	0.40	0.47	117	0.40	0.23	58	0.40	0.41	102
Ammonia	0.23	0.23	0.29	125	0.23	0.15	63	0.23	0.27	115

The Goa Facility consumes electricity and water for its manufacturing process, which it sources under contracts with central and state governments. It also has a power source of 7.5 MW and a heavy fuel oil fired diesel generator.

Power Source annual installed and available Capacity in MW			
Particulars		UOM	Load Capacity
Purchase Power	Electricity Department Government of GOA	MW	7.40
Captive Power Plant	Turbine Generator-Power	MW	7.50
	Diesel Generator Power	MW	6.50

The Goa Facility is strategically located near the Mormugao port. The Goa Facility also owns a captive railway siding for dispatch of products. In order to maintain a stable production cycle, the Goa Facility has capacity to store up to 36,500 MT of Phosphoric acid, 14,000 MT of MOP, 8,000 MT of Ammonia, 3,500 MT of Sulfuric Acid, 40,000 MT of Urea and 12,200 MT of NPK. The ability to store raw materials mitigates temporary disruptions in supply as well as volatility in the price of raw materials for a short duration. The storage facilities allow the Goa Facility to avoid suspending its production processes (particularly between peak fertilizer sale seasons), which can be costly and time consuming to restart, and also enable it to accumulate products to satisfy market demand effectively during peak times by being able to meet the customers' demand in full and on time.

Subsidies

See “**Our Business — Description of our Business — Subsidies**” for a general description of subsidies in the Indian fertilizer industry.

The Government regulates pricing, net realization and partially, the distribution of urea. The Government reimburses urea producers for the cost of production through subsidies, and statutorily fixes the Maximum Retail Price (“MRP”) at which urea is sold to farmers. The difference between the concession price (i.e., the cost plus normative return) and MRP (i.e., less dealer margin) is paid as a subsidy /concession to the urea manufacturer. From September 2017, the Government introduced a 45 kg bag of urea in place of 50 kg bag of urea from in order to encourage a reduction in consumption of urea. The MRP of a 45 kg bag of urea is ₹242 per bag (exclusive of

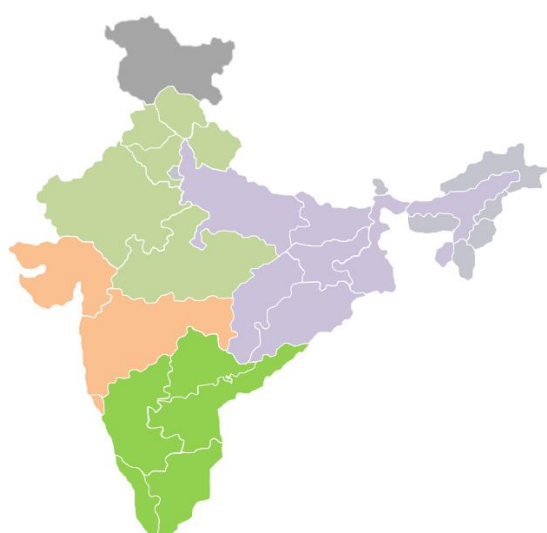
charges towards neem coating and taxes as applicable) whereas the MRP of a 50 kg bag of urea was ₹268 per bag (exclusive of charges towards neem coating and taxes as applicable). As a result of the regulated pricing from the Government, the price of urea has remained relatively stable at approximately ₹ 5,377.7 per tonne from March 1, 2018 (based on 45kg bag of urea), with subsidies accounting for approximately 75% to 80% of the overall realization.

Sales, Marketing and Distribution

The Goa Facility has an extensive sales and distribution network, with a strong presence in the Western parts of India. As of March 31, 2021, the Goa Facility's products were distributed across 14 states in India through a network of eight regional marketing offices and 3,055 stock points. As of March 31, 2021, the Goa Facility's marketing network includes over 3,157 dealers and 23,811 retailers, catering to 3 million farmers in India.

The Goa Facility undertakes various marketing initiatives that consist of, among others, farmers' meetings, crop seminars and soil health awareness programs and soil testing activities.

The Goa Facility's network across India by region as of March 31, 2021 is set out in the map below:



Region	No. of dealers	% of sales*
South	2011	39.2
East	86	0.4
West	1040	0.1
North	20	60.3

Source: Company information

*Based on 2021 figures

Environment, Health and Safety

The Goa Facility complies with the EHS Policy that is aimed at improving our performance in safety, health, environment protection, energy conservation and quality of our products and services throughout our operation and product life cycle. The Goa facility will be operated in accordance with our policies and procedures, including in relation to employee training, work safety measures and safety inspection standards.

In addition, the Goa Facility is subject to extensive environmental laws and regulations in India, including regulations relating to prevention and control of water pollution and air pollution, environmental protection, hazardous waste management and noise pollution, in relation to our manufacturing facility.

Quality Control and Process Safety

There is an emphasis on quality assurance and product safety at each step of the production process within the Goa Facility, from the procurement of raw materials until the finished product is packaged and ready for distribution to ensure that the quality of the products meets the expectation of customers and achieves maximum customer satisfaction.

All raw materials and products are analyzed in the quality assurance/quality control laboratory. All samples from the ammonia and urea plants are analyzed in the laboratory. Product samples are taken several times a day from the NPK plants and are analyzed in the auto-analyzer laboratory.

As of March 31, 2021, the quality control team at the Goa Facility consisted of 22 employees at the manufacturing facility. Employees at the Goa Facility are required to undergo thorough training programs designed to update them on latest quality norms and standards periodically.

The Goa Facility has been certified for compliance with quality management system standards under ISO 45001:2018 and ISO: 14001:2015.

Intellectual Property

The Goa Facility has registered 12 trademarks with the Registrar of Trademarks under the Trade Marks Act, 1999, including “Samarth” and “Sampatti”. For further details of trademarks, see “***Government and Other Approvals – Intellectual Property***” on page 418.

In addition, there are licensing arrangements for use of trademarks “*Jai Kisaan*” and “*Mangala*”. Pursuant to the ZACL License Agreement (a trademark license agreement dated April 1, 2021 executed between our Company and ZACL), ZACL has licensed the use of the “*Jai Kisaan*” trademark, for a period of three years and we are required to pay an agreed percentage of gross contribution to be calculated in terms of the agreement. See “***Our Business—Description of our Business—Intellectual Property***” on page 156 for a description of this trademark license.

Insurance

The operations of the Goa Facility are subject to hazards inherent in the fertilizer manufacturing facilities. On completion of the Goa Transaction and pursuant to the BTA, the material current policies maintained by ZACL for the Goa such as fire, vehicular, burglary, baggage, fidelity, money, marine cargo, mega risk, terrorism, public liability, worker’s compensation and director’s and officers’ liability, will be transferred to our Company. Insurance policies relating to the Goa Facility may not be sufficient to cover the economic loss. See “***Risk Factors – Our insurance coverage may not be sufficient or adequate to protect us against all material hazards, which may adversely affect our business, results of operations and financial condition***” on page 38.

Employees

As of March 31, 2021, ZACL has employed 623 permanent personnel for the Goa Facility. Pursuant to the BTA, these permanent personnel will be transferred to our Company. The breakdown of the employees of the Goa Facility in different functionalities as of March 31, 2021 has been provided below:

Function	Number of permanent employees
Production / manufacturing	209
Maintenance	127
Process engineering	8
Engineering and inspection	5
Quality control laboratory	22
Fire and safety	6
Environment Management	3
Commercial (Plant)	29
Human Resources and Administration, Legal	20
Medical	5
Finance and accounts	20
Marketing	141
Others	28
Total	623

Property

The Goa Facility is located Zuarinagar, Sancoale Village, Goa, 403726. As of the date of this Draft Red Herring Prospectus, certain freehold immovable property located at Zuarinagar, Sancoale Village, Goa, aggregating to 260.60 acres will be transferred by ZACL to our Company pursuant to the BTA.

Management's Discussion and Analysis of Financial Condition and Results of Operation of the Goa Facility

You should read the following discussion in conjunction with the cautionary language at the beginning of this section "The Goa Facility" above and in conjunction with the Goa Facility's Special Purpose Carve-out Financial Statements.

Significant Factors Affecting our Results of Operations

The Goa Facility's results of operations and financial condition are affected by a number of important factors including:

Manufacturing Capacity, Utilization and Availability of Plants

The Goa Facility's revenues are affected by the manufacturing capacity, capacity utilization rates and plant availability. Capacity utilization rates depend on market demand and supply as well as the efficiency of the production process and plant availability hours. Increases or decreases in the Goa Facility's capacity utilization rates may have a significant effect on its production volumes, unit costs and gross profit margins.

The Goa Facility includes two NPK production facilities (being NPK A and NPK B), an Ammonia production plant and a Urea production plant. According to the CRISIL Report, only six out of 46 fertilizer plants in India as of March 31, 2021, have co-located facilities that manufacture both Phosphatic fertilizers and Urea, and the Goa Facility is one of them.

For information on the production plant wise capacity and capacity utilization of the Goa Facility for the Financial Years 2021, 2020 and 2019, see "— *Manufacturing Facility and Other Infrastructure* " on page 164.

Volume, Quality and Mix of Products Manufactured and Traded

The Goa Facility's business is a consumer driven business, dominated by end-user farmers. As a result, the key driver in the growth of its business and its revenue from operations is the volume of products manufactured and sold or traded by it. Accordingly, increased sales volume favorably affects the Goa Facility's results of operations as it enables it to benefit from economies of scale in procurement and manufacturing and improves its operating margins through its ability to leverage its fixed cost base. For information on the volume of fertilizers manufactured and sold by the Goa Facility, see "— *Description of The Goa Facility's Business – Products* " on page 161. In addition, sale of traded products was ₹11.82 million, ₹2,804.06 million and ₹13,749.94 million, for the Financial Years 2021, 2020 and 2019, respectively and primarily comprised imported di-ammonium phosphate (IDAP), imported muriate of potash (IMOP), phosphoric acid, complex fertilizers and compost.

The quality and mix of products are also key drivers in the growth of its business and its revenue from operations. Accordingly, following the completion of the Goa Transaction, we will seek to maintain an appropriate standard of quality at the Goa Facility in order to sustain the profitability and growth of its operations. Attaining and maintaining this level of quality control requires considerable commitment, expense, planning and execution skills. We will also seek to continually adjust the Goa Facility's product mix in favor of higher value-added products, which yield better margins. Although the Goa Facility targets maximum operational returns, variations within its product mix can considerably affect its profitability.

The following table sets forth key products manufactured and traded, their respective MRP, the discounts and rebates offered on them, the subsidies applicable to them and as a result the effective realization to the Goa Facility, each on a per MT basis, for the periods indicated:

Product (in ₹/MT)	DAP	NPK-10	NPK-12	NP-14	NPK-19	NPK-28	Urea	MOP
For the Financial Year 2021								
Average MRP	28,396.00	24,654.00	24,756.00	29,399.00	26,544.00	25,602.00	5,922.00	1,8029.00
Rebate/Discount	4,834.00	1,460.00	1,634.00	5,762.00	1047.00	993.00	398.00	1,383.00
Subsidy- Including Freight Subsidy	11,605.00	9,526.00	10,096.00	11,065.00	9,317.00	10,716.00	17,972.00	6,866.00
Average Realization	35,167.00	32,719.00	33,218.00	34,702.00	3,4814.00	35,326.00	23,497.00	23,512.00

Product (in ₹/MT)	DAP	NPK-10	NPK-12	NP-14	NPK-19	NPK-28	Urea	MOP
For the Financial Year 2020								
Average MRP	28,729.00	26,531.00	27,609.00	28,687.00	27,233.00	26,140.00	5,922.00	18,955.00
Rebate/Discount	2,414.00	2,309.00	2,568.00	2,676.00	1,955.00	1,528.00	200.00	1,157.00
Subsidy- Including Freight Subsidy	11,862.00	10,018.00	10,992.00	11,228.00	9,893.00	11,088.00	23,429.00	7,869.00
Average Realization	38,176.00	34,240.00	36,033.00	37,239.00	35,171.00	3,5701.00	29,151.00	25,667.00
For the Financial Year 2019								
Average MRP	27,257.00	24,799.00	25,050.00	27,109.00	25,487.00	—	5,922.00	15,021.00
Rebate/Discount	983.00	1,240.00	1,210.00	1,005.00	1,218.00	—	236.00	861.00
Subsidy- Including Freight Subsidy	12,529.00	10,345.00	10,931.00	11,331.00	9,955.00	—	23,732.00	7,900.00
Average Realization	38,804.00	33,905.00	34,770.00	37,435.00	34,223.00	—	29,417.00	22,061.00

Prices of Fertilizers

The Government regulates pricing, net realization and partially, the distribution of urea. The Government reimburses urea producers for the cost of production through subsidies, and statutorily fixes the Maximum Retail Price (“MRP”) at which urea is sold to farmers. The difference between the concession price (i.e., the cost plus normative return) and MRP (i.e., less dealer margin) is paid as a subsidy /concession to the urea manufacturer. As a result of the regulated pricing from the Government, the price of urea has remained relatively stable at approximately ₹ 5,377.7 per tonne from March 1, 2018 (based on 45kg bag of urea), with subsidies accounting for approximately 75% to 80% of the overall realization. For the factors determining selling prices of DAP and NPK, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – Prices of Fertilizers*” on page 386.

Availability, Cost and Efficient Utilization of Raw Materials

The Goa Facility purchases significant quantities of raw materials, including RLNG, Phosphoric acid, MOP, Ammonia and Urea. In order to ensure a stable supply of RLNG and Ammonia, the Goa Facility has entered into medium to long-term agreements for procurement of such raw material. The prices of these raw materials fluctuate from time to time, which affects the Goa Facility’s cost of sales, particularly because cost of raw materials represents a major portion of its cost of sales, and the margin it earns to the extent that the Goa Facility does not reflect such changes in the prices it charges. The Goa Facility’s cost of raw material and components consumed comprised 64.68%, 41.59% and 74.42% of its total expenses excluding trading activities, for the Financial Years 2021, 2020 and 2019, respectively. Historically, the Goa Facility has generally observed a lag of approximately three months before market prices for finished products reflect increases in raw materials as a result of raw materials stored at its manufacturing facility, although we cannot assure you that this relationship will continue in the future. Most of the raw materials that the Goa Facility consumes are readily available from multiple sources at market prices, and it generally contracts with multiple suppliers to ensure continuity and competitiveness of supply.

Climate and Weather Conditions

The Goa Facility’s business is sensitive to seasonal fluctuations and climatic variations. For a discussion on the effects of climate and weather conditions, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – Climate and Weather Conditions*” on page 387.

Distribution Network

The Goa Facility has an extensive sales and distribution network, with a strong presence in the Western parts of India. As of March 31, 2021, the Goa Facility’s products were distributed across 14 states in India through a network of eight regional marketing offices and 3,055 stock points. As of March 31, 2021, the Goa Facility’s marketing network includes over 3,157 dealers and 23,811 retailers, catering to 3 million farmers in India. Further, it has a dedicated team of 66 marketing officers, 9 junior agronomists and 65 *Jai Kisaan Salahakars* (consultants). The Goa Facility’s widespread sales and distribution network is further aided by access to the market on a real-

time basis through the MFMS portal, dash boards on its internal portals and other effective intelligence tools which provide efficient last mile connectivity and an extensive database on farmers. Following the completion of the Goa Transaction, we intend to maintain the Goa Facility's sales and distribution network, while also assessing potential synergies with our existing network.

Government Regulations, Subsidies and Policies

The fertilizer industry relies on subsidies from the Indian central Government. For a discussion on the effects of such subsidies, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – Government Regulations, Subsidies and Policies*” on page 387.

Under the Fertilizer DBT system, 100% subsidy on various fertilizer grades is release to fertilizer companies on the basis of actual sales made by the retailers to beneficiaries (i.e. farmers). The primary objective of introducing DBT was to increase transparency, reduce leakage of benefits and increase efficiency of social security programs. Further, the subsidized fertilizers are only sold through the points of sale devices registered with the Department of Fertilizers, India. (Source: CRISIL Report)

The Government subsidies of the Goa Facility were ₹12,002.40 million, ₹9,603.82 million and ₹20,331.75 million, and comprised 54.08%, 48.25% and 43.14% of its total revenue from operation, for the Financial Years 2021, 2020 and 2019, respectively.

Principal Components of the Goa Facility’s Statement of Profit and Loss

Total Income. The Goa Facility’s total income consists of revenue from operations and other income.

Revenue from operations. The Goa Facility’s revenue from operations comprises revenue from contracts with customers (including government subsidies), comprising sale of finished products and traded products and other operating revenues comprising scrap sales.

Other Income. The Goa Facility’s other income comprises interest income and other non-operating income.

Total Expenses. The Goa Facility’s total expenses include cost of raw material and components consumed, purchases of traded goods, changes in inventories of finished goods, traded goods and work in progress, employee benefits expense, finance costs, depreciation and amortisation expense and other expenses.

Cost of raw material and components consumed. Cost of raw material and components consumed comprises cost towards the purchase of raw materials and components such as Phosphoric acid, MOP, Urea, Ammonia and RLNG. For the Financial Years 2021, 2020 and 2019, Phosphoric acid, MOP, Urea, Ammonia and RLNG constitute over 97.66% of the cost of raw material and components consumed. For example, of the total cost of raw materials and components consumed of ₹15,347.96 million in the Financial Year 2021, the Goa Facility consumed ₹4,871.64 million (9,1776 MT), ₹2,251.75 million (13,1037 MT), ₹672.10 million (2,7893 MT), ₹498.04 million (2,1481 MT) and ₹6,694.60 million (292,068 thousand SCM) of Phosphoric acid, MOP, Urea, Ammonia and RLNG, respectively.

Purchases of traded goods. The Goa Facility’s expenses on purchases of traded goods comprise costs incurred primarily towards purchase of imported di-ammonium phosphate (IDAP), imported muriate of potash (IMOP), complex fertilizers and compost.

Changes in inventories of finished goods, traded goods and work in progress. This expense line item comprises of inventories for finished goods, traded goods and work in progress.

Employee benefits expense. The Goa Facility’s employee benefits expense comprises salaries, wages and bonus, contribution to provident fund and other funds, gratuity expense and staff welfare expenses.

Finance costs. The Goa Facility’s finance costs comprise interest expense, exchange difference to the extent regarded as an adjustment to borrowing cost and other borrowing cost.

Depreciation and amortisation expense. The Goa Facility’s Depreciation and amortisation expense comprise depreciation of property, plant and equipment and amortisation of intangible assets such as software.

Other expenses. The Goa Facility's other expenses comprise stores and spares consumed, power, fuel and water, bagging and other contracting charges, outward freight and handling, rent, rates and taxes, insurance, repairs and maintenance, provision for doubtful receivable/advances, subsidy claims written off, foreign exchange variation (net), impairment of capital work in progress, loss on disposal of property, plant and equipment (net), advances write-off and miscellaneous expenses.

The Goa Facility's Results of Operations

The following table sets forth select financial data from the Goa Facility's Special Purpose Carve-out Financials Statements for the Financial Years 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods:

	2021		For the Financial Year 2020		2019	
	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income
Revenue:						
Revenue from operations	22,193.86	98.84	19,903.83	99.56	47,132.63	99.32
Other income	261.01	1.16	88.86	0.44	323.32	0.68
Total income	22,454.87	100.00	19,992.69	100.00	47,455.95	100.00
Expenses:						
Cost of raw material and components consumed	15,347.96	68.35	9,958.43	49.81	27,466.04	57.88
Purchases of traded goods	12.92	0.06	292.34	1.46	12,740.00	26.85
Changes in inventories of finished goods, traded goods and work in progress	279.79	1.25	6,745.61	33.74	(4,194.79)	(8.84)
Employee benefits expense	677.48	3.02	755.59	3.78	790.69	1.67
Finance costs	2,032.85	9.05	2,677.58	13.39	2,972.47	6.26
Depreciation and amortisation expense	431.90	1.92	438.15	2.19	394.50	0.83
Other expenses	5,070.56	22.58	5,879.59	29.41	8,643.81	18.21
Total expense	23,853.46	106.23	26,747.29	133.79	48,812.72	102.86
Loss before tax	(1,398.59)	(6.23)	(6,754.60)	(33.79)	(1,356.77)	(2.86)
Tax expense/(credit):						
Current tax	-	-	-	-	-	-
Deferred tax charge/ (credit)	-	-	242.91	1.21	(459.00)	(0.97)
Income tax expense/ (credit)	-	-	242.91	1.21	(459.00)	(0.97)
(Loss) for the year	(1,398.59)	(6.23)	(6,997.51)	(35.00)	(897.77)	(1.89)

Financial Year 2021 compared to Financial Year 2020

The Goa Facility's results of operations for the Financial Year 2021 were particularly affected by the following factors:

- the effect of limited availability of working capital and cash flows on the business and operations of the Goa Facility;
- a good monsoon season in Financial Year 2021 resulting in increased demand of fertilizers;
- effective utilization of raw materials purchased earlier at lower prices; and
- continuous operations of the Urea plant in the Financial Year 2021 when compared to the Financial Year 2020 wherein the Urea plant was not in operation for almost six months.

Total Income

The Goa Facility's total income increased by 12.32% to ₹ 22,454.87 million for the Financial Year 2021 from ₹ 19,992.69 million for the Financial Year 2020, primarily due to an increase in its revenue from operations.

Revenue from operations. The Goa Facility's revenue from operations increased by 11.51% to ₹ 22,193.86 million

for the Financial Year 2021 from ₹ 19,903.83 million for the Financial Year 2020 primarily due to an increase in the sales of finished products, primarily Urea, by 29.84% to ₹ 22,166.72 million for the Financial Year 2021 from ₹ 17,072.13 million for the Financial Year 2020, which was partially offset by a decrease in sale of traded products by 99.58% to ₹ 11.82 million for the Financial Year 2021 from ₹ 2,804.06 million for the Financial Year 2020 and in scrap sales by 44.57% to ₹ 15.32 million for the Financial Year 2021 from ₹ 27.64 million for the Financial Year 2020 due to reduction in working capital availability.

Other income. The Goa Facility's other income increased to ₹ 261.01 million for the Financial Year 2021 from ₹ 88.86 million for the Financial Year 2020, primarily on account of an increase in excess provisions / unclaimed liabilities / unclaimed balances written back to ₹ 139.12 million for the Financial Year 2021 from ₹ 37.36 million for the Financial Year 2020 due to reversal of previous provisions which were not payable, such as stamp duty provision on import in Gujarat and Karnataka, and gain on foreign exchange variations (net) of ₹ 55.16 million for the Financial Year 2021 as compared to nil for the Financial Year 2020 due to favorable foreign exchange currency rates in the Financial Year 2021 compared to Financial Year 2020.

Expenses

Cost of raw material and components consumed. Cost of raw material and components consumed increased by 54.12% to ₹ 15,347.96 million for the Financial Year 2021 from ₹ 9,958.43 million for the Financial Year 2020, primarily on account of an increase in the volume of finished products to 818,709.45 MT in the Financial Year 2021 from 424,232.32 MT for the Financial Year 2020.

Purchases of traded goods. The Goa Facility's purchases of traded goods decreased by 95.58% to ₹ 12.92 million for the Financial Year 2021 from ₹ 292.34 million for the Financial Year 2020.

Changes in inventories of finished goods, traded goods and work in progress. Changes in inventories of finished goods, traded goods and work in progress decreased 95.85%, or ₹ 279.79 million during Financial Year 2021, compared to a decrease of ₹ 6,745.61 million during Financial Year 2020, primarily due to liquidation of inventories on account of an increase in the sales of finished products.

Employee benefits expenses. The Goa Facility's employee benefits expenses decreased by 10.34% to ₹ 677.48 million for the Financial Year 2021 from ₹ 755.59 million for the Financial Year 2020, primarily on account of rationalization of workforce and the retirement of certain senior employees. The Goa Facility had 623 employees as of March 31, 2021 as compared to 606 employees as of March 31, 2020.

Finance costs. The Goa Facility's finance costs decreased by 24.08% to ₹ 2,032.85 million for the Financial Year 2021 from ₹ 2,677.58 million for the Financial Year 2020, primarily due to a decrease in interest expense by 21.62% to ₹ 1,909.37 million for the Financial Year 2021 from ₹ 2,436.18 million for the Financial Year 2020, due to lower utilization of working capital facilities owing to reduction in the working capital cycle on account of liquidation of inventories and realization of trade receivables.

Depreciation and amortisation expense. The Goa Facility's Depreciation and amortisation expense decreased by 1.43% to ₹ 431.90 million for the Financial Year 2021 from ₹ 438.15 million for the Financial Year 2020.

Other expenses. The Goa Facility's other expenses decreased by 13.76% to ₹ 5,070.56 million for the Financial Year 2021 from ₹ 5,879.59 million for the Financial Year 2020, primarily due to:

- foreign exchange variation (net) of nil for the Financial Year 2021 compared to ₹ 329.87 million for the Financial Year 2020;
- a decrease in rent to ₹ 27.90 million for the Financial Year 2021 from ₹ 167.36 million for the Financial Year 2020;
- a decrease in provision for doubtful receivables / advances to ₹ 33.25 million for the Financial Year 2021 from ₹ 970.02 million for the Financial Year 2020;
- a decrease in advances write-off to ₹ 0.10 million for the Financial Year 2021 from ₹ 238.27 million for the Financial Year 2020; and

- a decrease in miscellaneous expenses by 63.95% to ₹ 209.62 million for the Financial Year 2021 as compared to ₹ 581.42 million for the Financial Year 2020,

which were partially offset by:

- an increase in power, fuel and water by 36.71% to ₹ 2,527.32 million for the Financial Year 2021 from ₹ 1,848.65 million for the Financial Year 2020; and
- an increase in outward freight and handling by 43.19% to ₹ 1,600.65 million for the Financial Year 2021 from ₹ 1,117.84 million for the Financial Year 2020.

Income tax expense. The Goa Facility's income tax expense was nil for the Financial Year 2021, compared to ₹ 242.91 million for the Financial Year 2020 which consisted of deferred tax charge on account of unabsorbed business losses and unabsorbed depreciation. During the Financial Year 2021, the Goa Facility did not recognize deferred tax on unabsorbed business losses and unabsorbed depreciation due to projections of future profitability.

Loss for the year. The Goa Facility's loss for the year decreased by 80.01% to ₹ 1,398.59 million for the Financial Year 2021 from ₹ 6,997.51 million for the Financial Year 2020, as a result of the factors discussed above.

Financial Year 2020 compared to Financial Year 2019

The Goa Facility's results of operations for the Financial Year 2020 were particularly affected by the following factors:

- the effect of limited availability of working capital and cash flows on the business and operations of the Goa Facility;
- less than anticipated rain in the monsoon season in the Financial Year 2020 resulting in drought-like situations in key marketing areas; and
- elongation of working capital cycle and build-up of high-priced inventory; and
- inability to pass on the increase in the prices of the raw materials to the farmers which contributed to operating losses, net cash outflows and reduced financial flexibility leading to the Goa Facility having a net current liability position.

Total Income

The Goa Facility's total income decreased by 57.87% to ₹ 19,992.69 million for the Financial Year 2020 from ₹ 47,455.95 million for the Financial Year 2019, primarily due to a decrease in revenue from operations caused by a reduction in liquidity that prevented the plant from procuring adequate raw materials in a timely manner for uninterrupted plant operations.

Revenue from Operations. The Goa Facility's revenue from operations decreased by 57.77% to ₹ 19,903.83 million for the Financial Year 2020 from ₹ 47,132.63 million for the Financial Year 2019 due to a decrease by 48.83% in the sale of finished products to ₹ 17,072.13 million for the Financial Year 2020 from ₹ 33,362.02 million for the Financial Year 2019 due to:

- lower production and sales volume. The Goa Facility's NPK A and NPK B production plants were shut down for approximately three and 11 months, respectively, in the Financial Year 2020 due to non-availability of raw materials. The Goa Facility's Urea production plant was also shut down for almost six months in the Financial Year 2020 due to non-availability of RLNG from our gas supplier, which resulted from non-payment of dues to our gas supplier on account of delays in the release of subsidies to the Goa Facility; and
- a decrease in the sale of traded products by 79.61% to ₹ 2,804.06 million for the Financial Year 2020 from ₹ 13,749.94 million for the Financial Year 2019 due to lower trade volumes for trading products on account of limited availability of working capital and cash flows.

Other Income. The Goa Facility's other income decreased by 72.52% to ₹ 88.86 million for the Financial Year

2020 from ₹ 323.32 million for the Financial Year 2019, primarily on account of a decrease in interest income, such as on overdue debtors and employee loans, by 99.87% to ₹ 0.27 million for the Financial Year 2020 from ₹ 210.82 million for the Financial Year 2019, on account of a change in the Goa Facility's policy implemented from the fourth quarter of Financial Year 2019 under which the Goa Facility did not account for any interest on overdue debtors.

Expenses

Cost of raw material and components consumed. Cost of raw material and components consumed decreased by 63.74% to ₹ 9,958.43 million for the Financial Year 2020 from ₹ 27,466.04 million for the Financial Year 2019 due to a decrease in volume of finished products to 424,232.32 MT in the Financial Year 2020 from 1,146,143.08 MT for the Financial Year 2019.

Purchases of traded goods. The Goa Facility's purchases of traded goods decreased by 97.71% to ₹ 292.34 million for the Financial Year 2020 from ₹ 12,740.00 million for the Financial Year 2019, primarily due to reduction in non-fund based working capital facilities.

Changes in inventories of finished goods, traded goods and work in progress. Changes in inventories of finished goods, traded goods and work in progress decreased ₹ 6,745.61 million during the Financial Year 2020 compared to an increase of ₹ 4,194.79 million during Financial Year 2019, primarily due to a decrease in stock of finished products, traded products and work in progress at the end of Financial Year 2020.

Employee benefits expenses. The Goa Facility's employee benefits expenses decreased by 4.44% to ₹ 755.59 million for the Financial Year 2020 from ₹ 790.69 million for the Financial Year 2019, primarily on account of a decrease in staff welfare expenses by 25.15% to ₹ 100.91 million for the Financial Year 2020 from ₹ 134.81 million for the Financial Year 2019. The Goa Facility had 606 employees as of March 31, 2020 as compared to 661 employees as of March 31, 2019.

Finance Costs. The Goa Facility's finance costs decreased by 9.92% to ₹ 2,677.58 million for the Financial Year 2020 from ₹ 2,972.47 million for the Financial Year 2019, primarily due to the reduction in volume of raw material purchased and the resultant decrease in exchange difference.

Depreciation and amortisation expense. The Goa Facility's Depreciation and amortisation expense increased by 11.06% to ₹ 438.15 million for the Financial Year 2020 from ₹ 394.50 million for the Financial Year 2019, primarily due to net addition in property, plant and equipment of ₹ 808.43 million during the Financial Year 2019 and ₹ 232.07 million in the Financial Year 2020.

Other expenses. The Goa Facility's other expenses decreased by 31.98% to ₹ 5,879.59 million for the Financial Year 2020 from ₹ 8,643.81 million for the Financial Year 2019, primarily due to:

- a decrease in outward freight and handling to ₹ 1,117.84 million for the Financial Year 2020 from ₹ 3,511.27 million for the Financial Year 2019;
- a decrease in power, fuel and water expenses to ₹ 1,848.65 million for the Financial Year 2020 from ₹ 3,090.99 million for the Financial Year 2019; and
- a decrease in repairs and maintenance for plant and machinery to ₹ 223.43 million for the Financial Year 2020 from ₹ 308.40 million for the Financial Year 2019,

which were partially offset by:

- an increase in provision for doubtful receivables/advances to ₹ 970.02 million for the Financial Year 2020 from ₹ 94.12 million for the Financial Year 2019; and
- an increase in miscellaneous expenses by 36.35% to ₹ 581.42 million for the Financial Year 2020 from ₹ 426.41 million for the Financial Year 2019.

Income tax expense / (credit). The Goa Facility's income tax expense was ₹ 242.91 million for the Financial Year 2020, compared to an income tax credit of ₹ 459.00 million for the Financial Year 2019. Such income tax expense

for the Financial Year 2020 consisted of deferred tax due to unabsorbed business losses and unabsorbed depreciation, on account of the recognition of deferred tax assets on unabsorbed depreciation and tax loss in the Financial Year 2020.

Loss for the year. The Goa Facility's loss for the year increased to ₹ 6,997.51 million for the Financial Year 2020 from ₹ 897.77 million for the Financial Year 2019, as a result of the factors discussed above.

Cash Flows

The following table sets forth certain information relating to the Goa Facility's cash flows on a consolidated basis for the periods indicated:

	For the Financial Year		
	2021	2020	2019
	(₹ in million)		
Net cash flow from/ (used in) operating activities	5,576.89	18,815.90	(839.31)
Net cash flow (used in) investing activities	(113.33)	(192.38)	(596.62)
Net cash flow from/ (used in) financing activities	(5,463.56)	(18,623.52)	1,435.93
Net increase / (decrease) in cash and cash equivalents	-	-	-

Operating Activities

Net cash generated from operating activities was ₹ 5,576.89 million for the Financial Year 2021. While the Goa Facility's loss before tax was ₹ 1,398.59 million for the Financial Year 2021, it had an operating profit before working capital adjustments of ₹ 962.90 million, primarily due to interest expense of ₹ 1,909.37 million and depreciation on property, plant and equipment of ₹ 422.29 million, which were partially offset by excess provision / unclaimed liabilities / unclaimed balances written back of ₹ 139.12 million. The Goa Facility's changes in working capital for the Financial Year 2021 primarily comprised of a decrease in trade receivables of ₹ 4,299.58 million and a decrease in inventories of ₹ 271.15 million.

Net cash generated from operating activities was ₹ 18,815.90 million for the Financial Year 2020. The Goa Facility's loss before tax was ₹ 6,754.60 million for the Financial Year 2020, and its operating loss before working capital adjustments was ₹ 2,527.76 million, primarily due to interest expense of ₹ 2,436.18 million, provision for doubtful debts, claims and advances of ₹ 970.02 million and depreciation on property, plant and equipment of ₹ 437.64 million. The Goa Facility's changes in working capital for the Financial Year 2020 primarily comprised of a decrease in trade receivables of ₹ 13,537.33 million and a decrease in inventories of ₹ 8,056.88 million, which were partially offset by a decrease in trade payables and other liabilities of ₹ 1,173.17 million.

Net cash used in operating activities was ₹ 839.31 million for the Financial Year 2019. While the Goa Facility's loss before tax was ₹ 1,356.77 million for the Financial Year 2019, the Goa Facility had an operating profit before working capital adjustments of ₹ 1,619.53 million, primarily due to interest expense of ₹ 2,478.96 million and depreciation of property, plant and equipment of ₹ 383.78 million. The Goa Facility's changes in working capital for the Financial Year 2019 primarily comprised of increase in trade receivables of ₹ 1,946.87 million and an increase in inventories of ₹ 5,169.90 million, which was partially offset by an increase in trade payables and other liabilities of ₹ 5,048.97 million.

Investing Activities

Net cash used in investing activities was ₹ 113.33 million for the Financial Year 2021, primarily comprising purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances, of ₹ 115.15 million primarily comprising of improvements to the Urea and Ammonia plants and raw materials handling facilities.

Net cash used in investing activities was ₹ 192.38 million for the Financial Year 2020, primarily comprising purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances, of ₹ 196.12 million primarily comprising of improvements to the NPK plants and information technology capabilities.

Net cash used in investing activities was ₹ 596.62 million for the Financial Year 2019, primarily comprising

purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances, of ₹ 818.29 million, primarily comprising of improvements to the Ammonia plant and raw material handling facilities, which were partially offset by interest received of ₹ 216.61 million due to interest income on overdue debtors and employee loans.

Financing Activities

Net cash used in financing activities was ₹ 5,463.56 million for the Financial Year 2021, primarily comprising movement of owner's net investment of ₹ 3,172.04 million due to net impact of assets and liabilities and profit and loss for the year, interest paid of ₹ 1,578.93 million and repayment of short-term borrowings of ₹ 680.08 million.

Net cash used in financing activities was ₹ 18,623.52 million for the Financial Year 2020, primarily comprising repayment from short-term borrowings of ₹ 479.21 million, interest paid of ₹ 1,964.93 million and ₹ 16,144.05 million of movement of owner's net investment due to net impact of assets and liabilities and profit and loss for the year.

Net cash generated from financing activities was ₹ 1,435.93 million for the Financial Year 2019, primarily comprising movement of owner's net investment of ₹ 5,502.59 million due to net impact of assets and liabilities and profit and loss for the year, which was partially offset by interest paid of ₹ 2,113.73 million and repayment from short-term borrowings of ₹ 1,942.38 million.

Financial Indebtedness

As of March 31, 2021, the Goa Facility's consolidated total long term borrowings (including current maturities) was ₹ 149.42 million. The following table sets forth certain information relating to outstanding indebtedness as of March 31, 2021, and the Goa Facility's repayment obligations in the periods indicated:

(₹ in million)					
	As of March 31, 2021				
	Total	Payment due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Non-current borrowings-					
Secured- Vehicle Loan	0.71	–	0.71	0	–
Unsecured - Lease liabilities	134.63	–	17.84	50.22	66.57
Total Non-current borrowings	135.34	–	18.55	50.22	66.57
Current maturities of long-term borrowings					
Secured- Vehicle Loan	6.92	6.92	–	–	–
Unsecured - Lease liabilities	7.16	7.16	–	–	–
Total current maturities of long-term borrowings	14.08	14.08	–	–	–
Total non-current borrowings - A	149.42	14.08	18.55	50.22	66.57

Capital and Other Commitments

The following table sets forth the Goa Facility's capital and other commitments (primarily relating to the refurbishment of the Urea and Ammonia plants and energy saving projects), as of March 31, 2021:

(₹ in million)	
Particulars	As of March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	378.92

Contingent Liabilities

The following table sets forth the Goa Facility's contingent liabilities as per Ind AS 37, as of March 31, 2021:

(₹ in million)	
Matters	As of March 31, 2021
Demand from Sales Tax and Other Authorities	955.28
Other claims against ZACL Fertilizer Division not acknowledged as debts	25.14

For details of contingent liabilities as per Ind AS 37 as of March 31, 2021, see "*Special Purpose Carve-out Financial Statements – Notes to the Special Purpose Carve-out Financial Statements - Note 27 – Commitments and Contingencies*" on page 366.

Off-Balance Sheet Commitments and Arrangements

The Goa Facility does not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Capital Expenditure

For the Financial Year 2021, the Goa Facility added fixed assets of property, plant and equipment including change in Capital Work in Progress of ₹ 106.70 million, primarily for plant and equipment such as improvements to the Urea and Ammonia plants and raw materials handling facilities, and intangible assets of ₹ 4.88 million for software.

For the Financial Year 2020, the Goa Facility added fixed assets of property, plant and equipment including change in Capital Work in Progress (including borrowing costs) of ₹ 250.19 million, primarily for plant and equipment such as improvements to the NPK plants and information technology capabilities, and intangible assets of ₹ 2.24 million for software.

For the Financial Year 2019, the Goa Facility added fixed assets of property, plant and equipment including change in Capital Work in Progress (including borrowing costs) of ₹ 903.64 million, primarily for plant and equipment such as improvements to the Ammonia plant and raw material handling facilities, and intangible assets of ₹ 10.30 million for software.

Related Party Transactions

The Goa Facility has engaged in the past, and may engage in the future, in transactions with related parties. For details of the Goa Facility's related party transactions as per Ind AS 24 as of March 31, 2021, 2020 and 2019, see ***“Special Purpose Carve-out Financial Statements – Notes to the Special Purpose Carve-out Financial Statements - Note 28 – Related Party Transactions”*** on page 367.

Significant Accounting Policies

The following is the summary of significant accounting policies considered for preparation of Special Purpose Carve-out Financial Statements of the Goa Facility.

Basis of Preparation of Special Purpose Carve-out Financial Statements

The Special Purpose Carve-out Financial Statements of the Goa Facility or the ZACL Fertilizer Division (as defined below), which comprises the Carve-out Balance Sheet as of March 31, 2021, March 31, 2020 and March 31, 2019, the Carve-out Statement of Profit and Loss including Other Comprehensive Income (the ***“Special Purpose Carve-out Statement of Profit and Loss”***), the Carve-out Statement of Cash Flows and the Carve-out Statement of Changes in owner's net investment for the Financial Years ended March 31, 2021, 2020 and 2019, and notes to the Carve-out Financial Statements, including a summary of significant accounting policies and other explanatory information (collectively, the ***“Special Purpose Carve-out Financial Statements”***) have been prepared:

- taking into consideration the terms of the BTA executed on March 1, 2021 between our Company and ZACL subject to necessary adjustments in the purchase consideration as of completion date between our Company and ZACL as agreed in BTA which may impact carrying values of certain assets and/or liabilities;
- measurement and recognition principle of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013; and
- in accordance with Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India (***“ICAI”***) (the ***“Guidance Note”***).

Accordingly, the Special Purpose Carve-out Financial Statements include only those assets and liabilities (including contingencies) that are to be acquired by our Company under the terms of the BTA, being the assumed

assets, assumed liabilities and assumed litigations, for all the years presented.

The assumed assets and assumed liabilities, related income and expenses and allocated expenses of the Goa Facility have been reported in the Special Purpose Carve-out Financial Statements in accordance with recognition and measurement principles prescribed by Ind AS.

Under the BTA, “ZACL Fertilizer Division” refers to the business of developing, manufacturing and trading of urea and NPK products carried out by ZACL at the Goa Facility, including the Purchased Assets, Transferred Employees and the Assumed Liabilities. Further, the BTA states that it shall not include the business of (i) developing and manufacturing of single super phosphate (SSP) fertilizers, and (ii) trading undertaken by Zuari Farmhub Limited and its affiliates and Mangalore Chemicals and Fertilizers Limited and its affiliates.

The Goa Facility has historically operated as part of ZACL and not as a standalone entity. Financial statements representing the operations of the Goa Facility have been derived from ZACL’s accounting records and are presented on a carve-out basis. As part of ZACL, the Goa Facility is dependent upon ZACL for all of its working capital and financing requirements as ZACL uses a centralized approach to cash management and financing of its operations. All borrowings including current maturities, except certain vehicle loans, that are not assumed liabilities under the terms of BTA have not been recognized in these Special Purpose Carve-out Financial Statements.

The principal purpose of carve-out statement of profit and loss is to present the historical operations of the carve-out business and reflect all the costs of doing business and corresponding revenue. Therefore, the Special Purpose Carve-out Statement of Profit and Loss includes the relevant costs and revenue as if the carve-out business operated as a separate entity in the periods presented.

Owner’s net investment, as disclosed in these Special Purpose Carve-out Financial Statements, being net asset value, represents the difference between the assumed assets and liabilities of the Goa Facility.

Assets, liabilities, income and expenses recognized in these Special Purpose Carve-out Financial Statements that are directly attributable to the Goa Facility are based on the books of accounts and underlying accounting records maintained by ZACL and as per conditions set out in the BTA.

Assets, liabilities, income and expenses recognized in these Special Purpose Carve-out Financial Statements that are either not readily identifiable from the books of accounts maintained by ZACL or not directly attributable to the Goa Facility have been allocated on a reasonable basis as below:

- interest charge relating to the debt has been allocated on the basis of usage of working capital facilities and other interest cost specifically incurred for the Goa Facility;
- income and expenses pertaining to the Goa Facility have been allocated on a reasonable basis taking into consideration the respective cost centers and employee head count, and certain common expenses have been allocated based on the proportionate of revenue of the Goa Facility and other divisions;
- disclosures in respect of post-employment defined benefit plans including current service cost, net interest cost, remeasurement (gains)/losses on defined benefit plans etc. as disclosed in the notes to the Special Purpose Carve-out Financial Statements have been determined on the basis of actuarial valuations of gross liability of employees of the Goa Facility; and
- stock transfer by Goa Facility to ZACL's other divisions are treated as revenue and arm’s length price has been considered in recording revenue in these carve-out financial statements of Goa Facility.

These Special Purpose Carve-out Financial Statements may not include all the actual expenses that would have been incurred had the carve-out business operated as a standalone company during the periods presented and may not reflect the financial position and financial performance had it operated as a standalone company during such periods. Actual costs that would have been incurred if the carve-out business had operated as a standalone company would depend on multiple factors, including organizational structure, capital structure, strategic and tactical decisions made in various areas, including information technology and infrastructure.

Therefore, the resulting financial position and financial performance in these Special Purpose Carve-out Financial Statements may not be that which might have existed if the carve-out business had been a standalone company. Further, the information may not be representative of the financial position and financial performance which may prevail after the transaction.

The Special Purpose Carve-out Financial Statements as presented are not legal entity financial statements and hence, no earnings per share (EPS), basic and diluted, has been computed and disclosed.

As per the BTA, transaction costs in respect of legal costs, disbursement charges and expenses incurred in and about the negotiation, preparation of BTA and any other document in connection with the BTA will not be borne by the Goa Facility and hence have not been recognized in these Special Purpose Carve-out Financial Statements.

Contingent liabilities and litigations by ZACL in respect of the Goa Facility have been reported on the basis of assumed litigations that are related to the business being transferred as per the terms specified in the BTA.

Pursuant to the requirement of paragraph 32 and 33 of the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, tax expense has been determined for the Goa Facility as if the carve-out business is a separate taxable entity.

The Special Purpose Carve-out Financial Statements have been prepared under the historical cost convention on the accrual basis, except for the following assets and liabilities, which have been measured at fair value:

- derivative financial instruments;
- certain other financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- defined benefit plans - plan assets measured at fair value.

The accounting policies remains unchanged from those consistently applied by ZACL subject to changes as specified below under “Changes in accounting policies and disclosures”.

The Special Purpose Carve-out Financial Statements of the Goa Facility of ZACL are presented in Indian National Rupee (₹) and are rounded to the nearest millions, except when otherwise indicated.

Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.

An asset has been classified as current if:

- it is expected to be realized in, or is intended for sale or consumption in, the Goa Facility’s normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when:

- it is expected to be settled in the Goa Facility’s normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- the Goa Facility does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

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

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

Foreign Currency

Functional and presentation currency

Items included in the Special Purpose Carve-out Financial Statements of the Goa Facility are measured using the currency of the primary economic environment in which the Goa Facility of ZACL operates (the “**functional currency**”). The Special Purpose Carve-out Financial Statements of the Goa Facility are presented in Indian National Rupee (₹), which is the Goa Facility’s functional and presentation currency.

Initial recognition

Transactions in foreign currencies are initially recorded by the Goa Facility at the functional currency spot rates at the date the transaction first qualifies for recognition.

Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are translated using the exchange rates that existed when the fair value was determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized in the Carve-out Statement of Profit and Loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income (“**OCI**”) or profit and loss are also recognized in OCI or profit and loss, respectively).

Derivative financial instruments

Initial recognition and subsequent measurement

ZACL uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Carve-out Statement of Profit and Loss.

Fair value measurement

The Goa Facility measures financial instruments, such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability;

- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Goa Facility; or
- the fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the Special Purpose Carve-out Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The Goa Facility's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

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

The management, in conjunction with the Goa Facility's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Goa Facility has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Property, plant and equipment

On transition to Ind AS, i.e., on April 1, 2015, the Goa Facility has elected to continue with the carrying value of all of its property, plant and equipment ("PPE") recognized as of April 1, 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non-refundable purchase taxes, borrowing costs if recognition criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Goa Facility depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Carve-out Statement of Profit and Loss when the asset is derecognized.

Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific assets referred below) is calculated using the straight-line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. Subject to certain exceptions, the Goa Facility has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013:

Useful lives estimated by the management (years)	
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipment (Continuous process plant)	25 years
Plant and equipment (Others)	15 years
Furniture and fixtures	10 years
Roads and Culverts	5 years
Office equipment	3 to 5 years
Vehicles	8 years
Railway Siding	15 years

The management has estimated, supported by independent assessment by technical experts, the useful lives of the following classes of assets:

- The useful lives of components of certain plant and equipment are estimated as five to 20 years. These lives are lower than those indicated in Schedule II.
- The useful lives of certain buildings having net block of ₹21.36 million (March 31, 2020: ₹ 12.59 million, March 31, 2019: ₹ 1.99 million) are estimated as three years to 15 years. These lives are lower than those indicated in Schedule II.
- Insurance/capital/critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/ critical spares, whichever is lower.
- Property, plant and equipment whose value is less than ₹5,000 are depreciated fully in the year of purchase.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

Intangible Assets

On transition to Ind AS, the Goa Facility has elected to continue with the carrying value of all of intangible assets recognized as of April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the Carve-out Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Carve-out Statement of Profit and Loss when the asset is derecognized.

The following are the acquired intangible assets:

Software

Management of the Goa Facility assessed the useful life of software as finite and cost of software is amortised over their estimated useful life of three years on straight line basis.

Intangible assets under development

Costs incurred on development of intangible assets are classified as intangible assets under development. Intangible assets under development comprises of software.

Impairment of non-financial assets

The Goa Facility 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 Goa Facility estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

The Goa Facility bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Goa Facility's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Carve-out Statement of Profit and Loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Goa Facility estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Carve-out Statement of Profit and Loss.

Leases (before April 1, 2019)

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.

For arrangements entered into prior to April 1, 2015, the Goa Facility has determined whether the arrangement contains a lease on the basis of facts and circumstances existing on the date of transition.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Carve-out Statement of Profit and Loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The Goa Facility as a lessor

Leases in which the Goa Facility does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Carve-out Statement of Profit or Loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases (effective April 1, 2019)

The Goa Facility assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Goa Facility as a lessee

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

Right-of-use assets

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

- land – three to 30 years; and
- building - two to 10 years

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

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Goa Facility recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Goa Facility and payments of

penalties for terminating the lease, if the lease term reflects the Goa Facility exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Goa Facility uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Goa Facility's lease liabilities are included in interest-bearing loans and borrowings.

Short-term leases and leases of low-value assets

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

The Goa Facility as a lessor

Leases in which the Goa Facility does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Carve-out Statement of Profit or Loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Goa Facility commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Goa Facility's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income ("FVTOCI"); and
- Debt instruments at fair value through profit or loss ("FVTPL").

Debt instruments at amortised cost

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

- the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (“**EIR**”) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

Debt instrument at FVTOCI

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

- the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as of each reporting date at fair value. Fair value movements are recognized in OCI. However, the Goa Facility recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the Special Purpose Carve-out Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Goa Facility may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Special Purpose Carve-out 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 when:

- the rights to receive cash flows from the asset have expired; or
- the Goa Facility 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 Goa Facility has transferred substantially all the risks and rewards of the asset or (b) the Goa Facility has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Goa Facility assesses on a forward looking basis the expected credit losses (“**ECL**”) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Goa Facility applies the simplified approach permitted by Ind AS 109 'Financial

Instruments', which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The application of simplified approach does not require the Goa Facility to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Goa Facility categorizes them into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When financial assets are first recognized, the Goa Facility recognizes an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets has been reclassified from Stage 2;
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Goa Facility records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the financial assets has been reclassified from Stage 3; and
- Stage 3: Financial assets considered credit-impaired. the Goa Facility records an allowance for the LTECLs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. the Goa Facility's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Special Purpose carve-out statement of profit or loss.

Derecognition

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

Offsetting of financial instruments

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

Inventories

Inventories are valued at the lower of cost and net realizable value.

The cost is determined as follows:

- Raw materials and store and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average method.
- Finished goods and work in progress: cost includes cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on moving weighted average method.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average method.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Revenue from contract with customer

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Goa Facility expects to be entitled in exchange for those goods or services. The Goa Facility has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of product is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

Revenue from sale of goods, including concession in respect of urea, DAP, MOP and other complex fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized at the point in time when control of the goods have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Concessions in respect of urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/ de-escalation in the prices of inputs and other adjustments as estimated by the management in

accordance with the known policy parameters in this regard.

Subsidy for phosphatic and potassic (P&K) fertilizers are recognized as per rates notified by the Government of India in accordance with the Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on urea, complex fertilizers, imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

In determining the transaction price for the sale of goods, the Goa Facility considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Goa Facility estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Goa Facility uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Goa Facility will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Goa Facility recognizes a refund liability. A right of return asset (and corresponding adjustment to change in inventory) is also recognized for the right to recover products from a customer.

Volume rebates

The Goa Facility provides volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Goa Facility applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Goa Facility then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

Significant financing component

Occasionally, the Goa Facility receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Goa Facility does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

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

Trade receivables

A receivable represents the Goa Facility's right to an amount of consideration that is unconditional (i.e., only the

passage of time is required before payment of the consideration is due).

Contract liabilities

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

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Goa Facility's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Goa Facility updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Goa Facility ultimately expects it will have to return to the customer. The Goa Facility updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

As per Ind AS 115 and the Educational Material of Ind AS 115, sales tax/VAT is not received by the entity on its own account, it is tax collected on value added to the commodity by the seller on behalf of the Government, therefore, it is excluded from revenue. From July 1, 2017 when the GST regime was introduced, revenue is being recognized net of GST.

Insurance claims

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Goa Facility is reasonably certain of their ultimate collection.

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Goa Facility estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Special Purpose Carve-out Statement of Profit and Loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Retirement and other employee benefits

Provident Fund

Retirement benefits in the form of provident fund is defined benefit obligation and is provided on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

Retirement benefits in the form of provident fund is a defined contribution scheme. The Goa Facility recognizes contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre- payment will lead to, for example, a reduction in future payment or a cash refund.

Superannuation and Contributory Pension Fund

Retirement benefit in the form of superannuation fund and contributory pension fund are defined contribution scheme. The Goa Facility has no obligation, other than the contribution payable to the superannuation fund and contributory pension fund to Life Insurance Corporation of India (“**LIC**”) against the insurance policy taken with them. The Goa Facility recognizes contribution payable to the superannuation fund and contributory pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Retirement benefit in the form of gratuity is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Goa Facility has taken insurance policy under the group gratuity scheme with LIC to cover the gratuity liability of the employees.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and such re-measurement gain/(loss) are not reclassified to the Special Purpose Carve-out Statement of Profit and Loss in the subsequent periods. They are included in the statement of changes in owner’s net investment and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Leave Encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Goa Facility measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Re-measurement, comprising of actuarial gains and losses, are recognized in the period in which they occur, directly in Special Purpose Carve-out Statement of Profit and Loss.

The Goa Facility treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Goa Facility presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Goa Facility has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Pension Fund

Retirement benefit in the form of family pension fund and National Pension Scheme are defined contribution scheme. The Goa Facility has no obligation, other than the contribution payable to the pension fund. The Goa Facility recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received

before the balance sheet date, the excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Voluntary Retirement Scheme

Compensation to employees under the voluntary retirement scheme of the Goa Facility is computed on the basis of number of employees exercising the retirement option under the scheme.

Short-term employee benefits

All employee benefits payable or available within twelve months of rendering of service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus are recognized in the Special Purpose Carve-out Statement of Profit and Loss in the period in which the employee renders the related service.

Taxes

Pursuant to the requirement of paragraph 32 and 33 of the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, tax expenses have been determined for the Goa Facility as if the carve-out business is a separate taxable entity.

Current Income Tax and Deferred Tax

Tax expense comprises current income tax and deferred tax. Current income tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax 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 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 investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

During the year ended March 31, 2019, minimum alternate tax (“MAT”) paid in a year is charged to the statement of profit and loss as current tax. The Goa Facility recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Goa Facility will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Goa Facility recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement” and grouped under deferred tax.

Goods and Service Tax (“GST”)/Sales/value added taxes paid on acquisition of assets or on incurring expenses

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of GST paid. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received, and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability is also a present obligation that arises from past events but outflow of resources embodying economic benefits is not probable. The Goa Facility does not recognize a contingent liability but discloses its existence in the financial statements.

Provisions

A provision is recognized when the Goa Facility has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Special Purpose Carve-out Statement of Profit and Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker reviews the performance of the Goa Facility according to the nature of products manufactured, traded and services provided. The Goa Facility's Board of Directors act as the Chief Operating Decision Maker for the business.

Segment accounting policies

The Goa Facility prepares its segment information in conformity with the accounting policies adopted for preparing and presenting Special Purpose Carve-out Financial Statements of the Goa Facility as a whole.

Quantitative and Qualitative Disclosures about Market Risk

In the course of its business, the Goa Facility is exposed to certain financial risks such as interest rate risk, foreign currency risk and commodity price risk, credit risk and liquidity risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk such as commodity risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Goa Facility manages fund requirement and perform sensitivity analysis to keep interest rate risk within reasonable limits. For disclosures of a sensitivity analysis for a change in interest rates as per Ind AS 107, as of March 31, 2021, 2020 and 2019, see "***Special Purpose Carve-out Financial Statements – Notes to the Special Purpose Carve-out Financial Statements - Note 32(a) – Market Risk – Interest Rate Risk***", on page 373.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in the foreign exchange rates. For disclosures of a sensitivity analysis for a change in foreign currency rates as per Ind AS 107, as of March 31, 2021, 2020 and 2019, see "***Special Purpose Carve-out Financial Statements – Notes to the Special Purpose Carve-out Financial Statements - Note 32(b) – Market Risk – Foreign Currency Risk***", on page 373.

Commodity Price Risk

The Goa Facility's operating activities require the ongoing purchase of natural gas and the purchase of imported fertilizers and imported raw materials. All of these are subject to price fluctuation on account of change in the demand supply pattern and the exchange rate fluctuations. The Goa Facility is not significantly affected by price volatility of the raw materials as the Government of India, on a time to time basis, revises the subsidy rates payable to the fertilizer industry based on the market trends.

Credit Risk

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

The Goa Facility's trade receivables can be classified into two categories; namely: from its customers and from the Government in the form of subsidy. As far as the Government portion of receivables are concerned, credit risk is nil. For receivables from its customers, the Goa Facility extends credit to customers in normal course of business. The Goa Facility considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Goa Facility monitors the payment track record of its customers. Outstanding customer receivables are regularly monitored. The Goa Facility has also taken security deposits from some of its

customers, which mitigates the credit risk to some extent. The Goa Facility evaluates its concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions, operate in largely independent markets and have long-term business relationships with us.

Credit risk from balances with banks and financial institutions is managed by the Goa Facility's treasury personnel in accordance with the guidelines framed by its board of directors. Guidelines broadly covers the selection criterion and over- all exposure which the Goa Facility can take with a particular financial institution or bank. Further, the guidelines also cover the limit of overall deposit which the Goa Facility can make with a particular bank or financial institution. The Goa Facility does not maintain significant amounts of cash and deposits other than those required for its day to day operations.

Liquidity Risk

The Goa Facility's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Goa Facility relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The Goa Facility's current committed lines of credit are sufficient to meet its short to medium or long-term expansion needs. The Goa Facility monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that it does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The following table summarizes the maturity profile of the Goa Facility's financial liabilities based on contractual undiscounted payments as of March 31, 2021:

	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Borrowings	7.63	6.92	0.71	-	-
Lease Liabilities	332.86	21.65	37.67	41.01	232.53
Other financial liabilities	2,374.29	2,374.29	-	-	-
Trade and other payables	13,112.01	13,112.01	-	-	-
Foreign exchange forward covers	13.53	13.53	-	-	-
Total	15,840.32	15,528.40	38.38	41.01	232.53

(₹ in million)

Seasonality of Business

The Goa Facility's business is affected by seasonal variations and adverse weather conditions. For further details, see ***“Risk Factors - Our business is subject to climatic conditions and is cyclical in nature. Seasonal variations and unfavourable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition”*** on page 27.

Competitive Conditions

The Goa Facility operates in the Indian fertilizer industry which is highly fragmented and competitive. Its main competitors include Coromandel International Limited, Indian Potash Limited, Mangalore Chemicals and Fertilizers Limited, Fertilizers and Chemicals Travancore Limited, Southern Petrochemicals Industries Corporation Limited, Smartchem Technologies Limited, Deepak Fertilizers and Petrochemicals Corporation Limited, Rashtriya Chemicals and Fertilizers Limited, National Fertilizers Limited, Gujarat State Fertilizers and Chemicals Limited, Sardar Fertilizers Private Limited, Mosaic India Private Limited, Chambal Fertilizers and Chemicals Limited, Hindalco Industries Limited, Indorama Fertilizer and Petrochemical Limited, Indian Farmers Fertilizer Cooperative Limited and Krishak Bharati Cooperative Limited.

KEY REGULATIONS AND POLICIES IN INDIA

The following is an overview of certain sector specific relevant laws, regulations and policies in India which are applicable to the operations of our Company and the Goa Facility. The information available in this section has been obtained from publications available in public domain. The description of laws and regulations set out below may not be exhaustive and is only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative actions, regulatory, administrative, quasi-judicial, or judicial decisions.

Subsidy and pricing policies for phosphatic fertilizers

Product subsidy policy

The Government of India implemented the first phase of the nutrient based subsidy (“NBS”) policy with effect from April 1, 2010 for complex fertilizers, including phosphatic fertilizers, with the aim of ensuring availability of these fertilizers to farmers at affordable prices. Under the NBS policy, an inter-ministerial committee recommends the per nutrient subsidy for nitrogen, phosphate, potassium and sulphur prior to the commencement of the financial year for a decision by the Department of Fertilizers, Ministry of Chemicals and Fertilizers, Government of India (the “**Department of Fertilizers**”). The nutrient based subsidy, as decided by the Government of India, will be converted into subsidy per tonne for each subsidised fertilizer. Further, a fixed amount of subsidy decided on an annual basis is provided on each grade of subsidised phosphatic fertilizers depending on its nutrient content, international prices, exchange rate, inventory level and the prevailing maximum retail price of phosphatic fertilizers. Any variant of the subsidized phosphatic fertilizers coated/ fortified with boron and zinc are granted an additional per tonne subsidy to encourage application along with primary nutrients. The Government of India permits fertilizer producing companies to avail of this subsidy, enabling them to provide such fertilizers to farmers at a subsidised maximum retail price.

Pricing policy

Pursuant to the NBS policy, fertilizer manufacturers are allowed to fix the maximum retail price of phosphatic fertilizers at reasonable rates, subject to, however, the reasonableness of the rates being under the scrutiny of the Department of Fertilizers. It is therefore mandatory for all fertilizer companies to submit, along with their claims of subsidy, certified cost data for monitoring. In cases where the maximum retail price is found to be unreasonable, the subsidy may be restricted or denied. Fertilizer manufacturers are further required to print the maximum retail price on the bags, and any sale above the printed maximum retail price is punishable under the Essential Commodities Act, 1955.

Freight subsidy policy

With effect from April 1, 2012, freight subsidy for phosphatic and potassic (“**P&K**”) fertilizers is as under:

- i. Freight on account of primary movement of all P&K fertilizers (except single super phosphate) is reimbursed on the basis of actual rail freight, as per the railway receipts;
- ii. No reimbursement on account of secondary movement of all P&K fertilizers (including single super phosphate), is provided;
- iii. Freight subsidy for direct road movement of all P&K fertilizers (excluding single super phosphate) is reimbursed as per the actual claims subject to equivalent rail freight to be announced by DOF time to time. However, the maximum allowable distance under the direct road movement shall be 500 KMs; and
- iv. Special compensation on account of secondary movement for all P&K fertilizers (except single super phosphate) is provided for difficult areas namely Himachal Pradesh, Uttarakhand, Sikkim, Jammu and Kashmir, seven North Eastern states and Andaman and Nicobar Islands.

Further, by way of an office memorandum dated June 17, 2019, the Department of Fertilizers allowed for the payment of freight subsidy on the movement of subsidised indigenous fertilizers (both urea and phosphatic fertilizers) through coastal shipping or inland waterways.

Subsidy and pricing policies for urea fertilizers

Our Company is currently in the process of acquiring the Goa Facility on a going concern basis from ZACL and has entered into a Business Transfer Agreement dated March 1, 2021 with ZACL for such acquisition. The subsidy and pricing policies for urea fertilizers have been described below since the Goa Facility is involved in the manufacture of both phosphatic as well as urea fertilizers.

Product subsidy policy

On May 25, 2015, the Department of Fertilizers notified the New Urea Policy-2015 (“NUP”) for urea manufacturing units with effect from June 01, 2015, till March 31, 2019, which has been extended further from April 1, 2019 till further orders. The objectives of the NUP include maximising indigenous urea production, promoting energy efficiency in urea production and rationalising subsidy burden on the Government of India. The Goa Facility has been classified as a Group-III unit and therefore has to meet the energy consumption norms specified for Group-III units. Further, a special compensation of ₹150/MT is paid to gas-based urea facilities such as the Goa Facility, which have converted to gas from Naphtha and are more than 30 years old.

Pricing policy

The maximum retail price of urea is statutorily fixed by the Government of India and at present it is ₹242 for a 45 kg bag of urea, and ₹268 for a 50 kg bag of urea, exclusive of neem coating charges and taxes, as applicable. The difference between the delivered cost of urea at farm gate and net market realisation by the urea units is given as subsidy to the urea manufacturer by the Government of India.

Freight subsidy policy

In July 2008, the Department of Fertilizers notified the Uniform Freight Policy, 2008 (“UFP”) under the subsidy scheme for urea and laid down the payment guidelines for primary and secondary freight. Under the UFP, the rail freight expenditure for transportation of fertilizers will be paid as per the actual expenditure based on actual lead. Rail freight for the movement from plant/port to the rake point is paid as per the actual freight paid under the railway receipt.

The road freight towards transportation of fertilizers from nearest railway rake point to block, or from manufacturing unit/port directly by road to block, consists of two elements: lead distance and per km rate. This element of subsidy is to be paid, as below:

- a. The lead distance for each block in the district will be based on average district lead (average of leads from nearest rail/rake port to block headquarter); and
- b. The per KM road freight will be paid on the basis of average of existing per km rate for each state in the country

Primary freight subsidy for direct road movement, the maximum allowable distance being 500 kilometres, is paid at the lower of the following:

- a. Freight amount calculated for the month based on normative slab rates; or
- b. The actual expenditure incurred during the month, as certified by the Company’s statutory auditors.

The subsidy is released only after the fertilizer reaches the district/block as per the monthly plan. Any additional supply beyond 10% of the monthly plan will be eligible for subsidy only after 120 days of its receipt in the district provided it is accounted for in the plan for the subsequent month.

Further, by way of an office memorandum dated June 17, 2019, the Department of Fertilizers allowed for the payment of freight subsidy on the movement of subsidised indigenous fertilizers (both urea and phosphatic fertilizers) through coastal shipping or inland waterways.

Industry Specific Legislations

The Essential Commodities Act, 1955 (“EC Act”)

The EC Act provides for the regulation and control of production, supply, distribution and pricing of commodities which are declared as essential, for maintaining or increasing supplies or for securing their equitable distribution and availability at fair prices. Under Section 3 of the EC Act, if the Government of India, in the interest of maintaining or increasing supplies of any essential commodity or for securing their equitable distribution and availability at fair prices, it may, by order, provide for regulating or prohibiting the production, supply and distribution thereof and trade and commerce therein. Such orders may provide for, among other things, controlling the price at which essential commodities are sold, requiring any person producing an essential commodity to sell the whole or a part of the produce and so on. Violation of the terms of these orders are punishable under Section 7 of the EC Act. Further, the Schedule of the EC Act provides for a list of essential commodities, including but not limited to drugs, fertilizers (whether inorganic, organic or mixed), foodstuffs and petroleum. Under Section 2A of the EC Act, the Government of India may add or remove any commodity from the Schedule.

The Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985 (“Fertilizer Order”)

In exercise of the powers conferred on the Government of India by Section 3 of the EC Act, the Government of India notified the Fertilizer Order. As per the Fertilizer Order, no person shall sell or carry on the business of selling fertilizer without obtaining prior permission of the State Government. The State Government has the power to issue license for trading in fertilizers for a period of three years, which may be renewed, suspended or cancelled at its discretion. Further, the State Government also has the power to issue a certificate of manufacture, without which, no person can carry on the business of manufacture of fertilizers. The Fertilizer Order also prescribes certain standards that are required to be followed during the manufacture of fertilizers. No person can manufacture, import or sell any mixture of fertilizers unless such mixture conforms to the standards laid down by the Government of India vide the Fertilizer Order. Further, the Government of India has the power to regulate prices, and to direct manufacturers/importers to sell fertilizers to particular States, in order to ensure fair and equitable access to farmers across India.

Fertiliser (Movement Control) Order, 1973 (“FM Order”)

In exercise of the powers conferred on the Government of India by Section 3 of the EC Act, the Government of India notified the FM Order. It prohibits the export of any fertilizer from any state. However, the export of fertilizers is permitted with the authorisation of the Government of India or an officer of the relevant state government, as the case may be. The FM Order also prescribes conditions for the search and seizure of fertilizers.

Indian Boilers Act, 1923 (the “Boilers Act”) and Indian Boiler Regulations, 1950 (the “Boilers Regulations”)

The Boilers Act intends to regulate, among other things, the manufacture, possession and use of boilers. Under the provisions of the Boilers Act, an owner of a boiler is required to get the boiler registered and certified for its use, by the Inspector so appointed by the relevant State Government. The certificate for use of a registered boiler is issued for a period not exceeding twelve months, provided that a certificate in respect of an economiser or of an unfired boiler which forms an integral part of a processing plant in which steam is generated solely by the use of oil, asphalt or bitumen as a heating medium may be issued for a period not exceeding twenty-four months in accordance with the regulations made under Boilers Act. On the expiry of the term or due to any structural alteration, addition or renewal to the boiler, the owner of the boiler shall renew the certificate by providing the Inspector all reasonable facilities for the examination and all such information as may reasonably be required of him to have the boiler properly prepared and ready for examination in the prescribed manner. In the event of the use of boilers in non-compliance with the Boilers Act, a fine may be imposed on the owner of such boiler. The Boilers Regulations provide for *inter alia*, standard requirements with respect to material, construction, safety and testing of boilers.

The Static and Mobile Pressure Vessels (Unfired) Rules, 2016 (“SMPV Rules”)

The SMPV Rules regulate the manufacture, filling, delivery and repair to pressure vessels. Under the SMPV Rules, licenses are required to be obtained for storage and transportation of compressed gas. The SMPV Rules also prescribe conditions under which the licenses can be amended, renewed, suspended or cancelled. In the licensed premises, the particulars of the license, operating instructions and emergency telephone numbers of local fire service, police station and supplier of compressed gas shall be conspicuously displayed. Further, the licensee

is required to maintain records of all incidents connected with storage, transportation or handling of compressed gasses.

Environmental Legislations

Environment Protection Act, 1986 (the “EP Act”), Environment Protection Rules, 1986 (the “EP Rules”) and Environmental Impact Assessment Notification, 2006 (“EIA Notification”)

The EP Act has been enacted for the protection and improvement of the environment. EP Act empowers the government to take all measures to protect and improve the quality of environment, such as by laying down standards for emission and discharge of pollutants, providing for restrictions regarding areas where industries may operate and laying down safeguards for handling hazardous substances, amongst others. It is in the form of an umbrella legislation designed to provide a framework for Central Government to coordinate the activities of various central and state authorities established under previous laws. It is also in the form of an enabling law, which delegates wide powers to the executive to enable bureaucrats to frame necessary rules and regulations. Further, the EP Rules specifies, among other things, the standards for emission or discharge of environmental pollutants, restrictions on the location of industries and restrictions on the handling of hazardous substances in different areas. For contravention of any of the provisions of the EP Act or the rules framed thereunder, the punishment includes either imprisonment or fine or both. Additionally, under the EIA Notification and its subsequent amendments, projects are required to mandatorily obtain environmental clearance from the concerned authorities depending on the potential impact on human health and resources.

Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)

The Air Act was enacted to provide for the prevention, control and abatement of air pollution in India. It is a specialised piece of legislation which was enacted to take appropriate steps for the preservation of natural resources of the earth, which among other things include the preservation of the quality of air and control of air pollution. Not all provisions of the Air Act apply automatically to all parts of India, and the state pollution control board must notify an area as an “air pollution control area” before the restrictions under the Air Act apply. The Air Act stipulates that no person shall, without prior written consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area, as notified by the state pollution control board. Further, such an industrial plant shall not be permitted to emit air pollutants in excess of the standards laid down by the state pollution control board.

Water (Prevention and Control of Pollution) Act, 1974 (the “Water Act”)

The Water Act was enacted to control and prevent water pollution and for maintaining or restoring of wholesomeness of water in the country. The objective of this legislation is to ensure that the domestic and industrial pollutants are not discharged into rivers and lakes without adequate treatment. The reason is that such a discharge renders the water unsuitable as a source of drinking water as well as for the purposes of irrigation and support of marine life. In order to achieve its objectives, the Pollution Control Boards at Central and State levels were created to establish and enforce standards for factories discharging pollutants into water bodies. Further, any person intending to establish any industry, operation or process or any treatment and disposal system which is likely to discharge sewage or other pollution into a water body is required to obtain prior consent of the relevant state pollution control board.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the “Hazardous Waste Rules”)

The Hazardous Waste Rules, read with the EP Act, ensure resource recovery and disposal of hazardous waste in an environmentally sound manner. A categorical list of hazardous wastes have been provided in the schedules in the Hazardous Waste Rules. Any person who has, control over the affairs of the factory or the premises or any person in possession of the hazardous waste has been defined as an “occupier”. Further, the occupier has been, *inter alia*, made responsible for safe and environmentally sound handling of hazardous wastes generated in his establishment and shall require authorisation for generation, processing, treatment, package, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or the like of the hazardous waste from the concerned state pollution control board.

The Manufacturing, Storage & Import of Hazardous Chemicals Rules, 1989 (“MSIHC Rules”)

The MSIHC Rules apply to an industrial activity in which a hazardous chemical as stipulated in Schedule I of the MSIHC Rules is involved, or the isolated storage of a hazardous chemical listed in Schedule II of the MSIHC Rules. The MSIHC Rules stipulate that an occupier in control of an industrial activity has to provide evidence for having identified the major accident hazards and taken adequate steps to prevent such major accidents and to limit their consequences to persons and the environment. The occupier has an obligation to show that he has provided necessary information, training and equipment, including antidotes to the persons working on the site to ensure their safety. Further, the occupier is under an obligation to notify the concerned authority on the occurrence of a major accident on the site or pipeline within 48 hours.

Public Liability Insurance Act, 1991 (“Public Liability Act”)

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification dated March 24, 1992. The owner or handler is also required to take out one or more insurance policies insuring against liability under the legislation and renew the same periodically. The Public Liability Act also provides for the establishment of the Environmental Relief Fund, which shall be utilised towards payment of relief granted under the Public Liability Act. The rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

Labour Law Legislations

The various labour and employment related legislation that may apply to our operations, from the perspective of protecting the workers’ rights and specifying registration, reporting and other compliances, and the requirements that may apply to us as an employer, would include the following:

- i. Contract Labour (Regulation and Abolition) Act, 1970
- ii. Employees’ Provident Funds and Miscellaneous Provisions Act, 1952
- iii. Factories Act, 1948
- iv. Employees’ State Insurance Act, 1948
- v. Minimum Wages Act, 1948
- vi. Payment of Bonus Act, 1965
- vii. Payment of Gratuity Act, 1972
- viii. Payment of Wages Act, 1936
- ix. Maternity Benefit Act, 1961
- x. Industrial Disputes Act, 1947
- xi. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- xii. Employees’ Compensation Act, 1923
- xiii. Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996.
- xiv. The Code on Wages, 2019*
- xv. The Occupational Safety, Health and Working Conditions Code, 2020**
- xvi. The Industrial Relations Code, 2020***
- xvii. The Code on Social Security, 2020****
- xviii. Shops and Establishments legislations in various states

*The Government of India enacted ‘The Code on Wages, 2019’ which received the assent of the President of India on August 8, 2019. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.

**The Government of India enacted ‘The Occupational Safety, Health and Working Conditions Code, 2020’ which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

***The Government of India enacted ‘The Industrial Relations Code, 2020’ which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.

****The Government of India enacted *The Code on Social Security, 2020* which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations including the *Employee's Compensation Act, 1923*, the *Employees' State Insurance Act, 1948*, the *Employees' Provident Funds and Miscellaneous Provisions Act, 1952*, the *Maternity Benefit Act, 1961*, the *Payment of Gratuity Act, 1972*, the *Building and Other Construction Workers' Welfare Cess Act, 1996* and the *Unorganised Workers' Social Security Act, 2008*.

Other Applicable Law

The Legal Metrology Act, 2009 (the "Legal Metrology Act") and Legal Metrology (Packaged Commodities) Rules, 2011 (the "Packaged Commodities Rules")

The Legal Metrology Act seeks to establish and enforce standard weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Packaged Commodities Rules were framed under section 52(2) (j) and (q) of the Legal Metrology Act which lays down specific provisions applicable to packages intended for retail sale, whole sale and for export and import and also regulate pre-packaged commodities in India, *inter alia* mandating certain labelling requirements prior to sale of such commodities.

The Explosives Act, 1884 ("Explosives Act")

The Explosives Act regulates the manufacture, possession, use, sale, transport and importation of the explosives. The Central Government may, for any part of India make rules consistent with the Explosives Act to regulate or prohibit, except under and in accordance with the conditions of a license granted as provided by those rules, the manufacture, possession, use, sale, transport, import and export of explosives, or any specified class of explosives. Where a person makes an application for license under the Explosives Act, the authority prescribed thereunder after making such inquiry, if any as it may consider necessary, shall, subject to the other provisions of the Explosives Act, by an order in writing, either grant license, or refuse to grant the same. The licensing authority shall grant a license where it is required for the purpose of manufacture of explosives if the licensing authority is satisfied that the person by whom license is required possesses technical know-how and experience in the manufacture of explosives or where it is required for any other purpose, if the licensing authority is satisfied that the person by whom such license is required has a good reason for obtaining the same. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Explosives Act.

The Petroleum Act, 1934

The Petroleum Act, 1934 regulates the import, transport, storage, production, refining and blending of petroleum. As per the Petroleum Act, 1934, no one shall import, transport or store any petroleum except in accordance with the rules framed under it. The Central Government has been empowered to frame rules in this regard. The Central Government may authorise any officer to inspect and take sampling of petroleum. Under the Petroleum Rules, 2002, any person intending to store furnace oil/petroleum, of such class and in such quantities, otherwise than under a license shall take the approval of the Chief Controller before commencing storage.

The Energy Conservation Act, 2001

The Energy Conservation Act, 2001 provides for the efficient use of energy and its conservation. The Energy Conservation Act empowers the Government of India to specify norms and standards of energy efficiency to be followed by the industries specified in the Schedule to the EC Act, namely, aluminium, fertilizers, iron and steel, cement and pulp and paper. Section 3 of the Act also provides for the establishment of the Bureau of Energy Efficiency to, *inter alia*, specify procedures for energy auditors to audit the use of energy by industries. Under Section 14, the Government of India may, by notification, *inter alia*, specify the norms and standards of energy efficiency and conservation for appliances and equipment which consume, generate, transmit or supply energy, prohibit sale or purchase of specified appliances unless such equipment conforms to energy consumption standards and prescribe such energy consumption norms and standards for designated customers.

The Trademarks Act, 1999 ("Trademarks Act")

The Trademarks Act allows registration of trademarks for goods and services, which gives the right of exclusive use of the trade mark to the owner thereof and enables the owner to prevent its fraudulent use. It provides for exclusive rights to marks such as brand, label, and heading and to obtain relief in case of infringement for

commercial purposes as a trade deception. The Trademarks Act also prohibits registration of deceptively similar trademarks and provides penalties for infringement, falsifying or falsely applying trademarks.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as “Paradeep Phosphates Limited” on December 24, 1981, as a private limited company under the Companies Act, 1956 with a certificate of incorporation granted by the Registrar of Companies, Odisha at Cuttack (“RoC”). Our Company was granted an exemption under Section 620 of the Companies Act, 1956 from using the term ‘private’ as part of its name. Our Company was thereafter converted to a public company pursuant to a special resolution passed by our Shareholders on April 29, 2002.

Changes in the Registered Office

The details of changes in our registered office are set forth below.

Date of change	Details of the address of registered office*	Reason
April 9, 1982	The address of the registered office of our Company was changed from Plot No. 841, Rasulgarh, Cuttack Road, Bhubaneswar-751 010 to Plot No. 1464, Laxmi Sagar Chhak, Cuttack Road, Bhubaneswar – 751006	Administrative reasons
January 29, 1983	The address of the registered office of our Company was changed from Plot No. 1464, Laxmi Sagar Chhak, Cuttack Road, Bhubaneswar – 751 006 to A-132 Shahid Nagar, Bhubaneswar – 751007	Administrative reasons
February 23, 1991	The address of the registered office of our Company was changed from A-132 Shahid Nagar, Bhubaneswar – 751007 to 5 th Floor Orissa State Handloom Weavers’ Co-Operative Society Building, Pandit Jawaharlal Nehru Marg, Bhubaneswar – 751001	Administrative reasons

*The Form 18 filed by our Company to report the change in registered office of our Company to the RoC are not traceable in our records. In relation to this, we have engaged SMA to conduct a physical inspection of the form filings made by our Company with the Registrar of Companies. Pursuant to the Inspection, SMA has issued a report dated August 12, 2021 confirming that the relevant Form 18 filings are available at the office of the Registrar of Companies and two of these forms have been made available for public viewing on the MCA portal. For details, see “Risk Factors- We have been unable to locate certain of our historical corporate records.” on page 41.

Our main objects

The main objects of our Company as contained in our Memorandum of Association are:

- (i) “To carry on in India or in any part of the world all kinds of business relating to fertilizers, heavy chemicals, heavy water and their by-products and in particular to carry on the business of manufacturing, storing, packing, distributing, transportation, converting, maintaining and rendering assistance and services of all and every kinds or any description buying, selling, exchanging, affecting, improving and dealing in artificial fertilizers, Heavy chemicals of every description whether required for civil commercial or military defense purpose and requirements or otherwise;
- (ii) To carry on all kinds of business including manufacturing, marketing, import and export of all kinds of chemicals, including agricultural chemicals and pesticides or any mixture, derivatives and compound thereof;
- (iii) To carry on in India or in any part of the world all kinds of business including manufacture, production, processing, marketing, import and export of all kinds of seeds and agri-inputs and agri-outputs.”

Amendments to the Memorandum of Association

Set out below are the amendments to the Memorandum of Association of our Company in the last 10 years:

Date of shareholders’ resolution	Details of amendment
February 3, 2012	Amendment of Clause III A of the Memorandum of Association to include the following in our objects: “(iii) to carry on in India or if any part of the world all kinds of business including manufacture, production, proceeding, marketing, import and export of all kinds of seeds and agri-inputs and agri-outputs.”

Date of shareholders' resolution	Details of amendment
June 1, 2021	Amendment and substitution of Clause V of the Memorandum of Association to state: “The authorized share capital of the Company is Rs. 1000,00,00,000 (Rupees one thousand crore) divided into: (a) Rs. 900,00,00,000 (Rupees nine hundred crore) consisting of 90, 00,00,000 (ninety crore) equity shares of face value of Rs. 10 each, and (b) Rs. 100,00,00,000 (Rupees hundred crore) consisting of 1,00,00,000 (one crore) 7% non-cumulative redeemable preference shares of Rs.100 each.”

Major events and milestones

The table below sets forth some of the major events in the history of our Company.

Calendar Year	Events and Milestones
1981	Incorporation of our Company
1986	Commissioning of di-ammonium phosphate plant (Phase I)
1992	Commissioning of sulphuric acid plant, phosphoric acid plant and captive power plant (Phase II)
2002	Disinvestment by GoI; Acquisition by ZMPPL (a joint venture between ZACL and Maroc Phosphore S.A.) of 74% of the paid-up equity share capital of our Company
2002-2003	Rights issue entirely subscribed by ZMPPL, increasing its stake to 80.45% of the paid-up equity share capital of our Company
2009	Obtained the ISO 14001:2004 and ISO 9001:2008 certifications
2010	Obtained the BS OHSAS 18001:2007 certification
2018	Incorporation of our joint venture, Zuari Yoma Agri Solutions Limited
2019	Obtained the ISO/IEC 27001:2013 certification

Time/cost overrun

We have not experienced any material instances of time / cost overrun in our business operations, other than in the ordinary course of business.

Awards and Accreditations

Calendar Year	Awards and accreditations
2018	Awarded the FAI Award, 2018 for the best production performance of an operating fertiliser unit for complex fertilisers by the Fertiliser Association of India
	Awarded the Kalinga Safety Award (Gold) for the performance year 2017 at the Odisha State Safety Conclave, 2018
	Awarded the Prime Minister's Shram Vir Award for the year 2016 by Ministry of Labour and Employment, Government of India
	Awarded the 17 th Annual Greentech Safety Award, 2018 by Greentech Foundation
2019	Awarded the 18 th Annual Greentech Safety Award, 2019 by Greentech Foundation
	Awarded the Kalinga Safety Excellence Award (Silver) for the performance year 2018 at the Odisha State Safety Conclave, 2019
	Awarded the FAI Environmental Protection Award, 2019 by the Fertiliser Association of India
	Awarded the FAI Award, 2019 for the best production performance of an operating phosphoric acid plant by the Fertiliser Association of India
	Awarded the IconSWM Excellence Award, 2019 for implementing effective waste management and resource recovery towards environmental protection by the IconSWM
	Awarded the Smart Exporter – Gypsum at the Smart Logistics Award, 2019 by Maritime Gateway
	Awarded the Brand Leadership Award at the Bhubaneswar Brand Leadership Awards, 2019
	Awarded ISO/IEC 27001:2013 certification for provision of information security for data centre and disaster recovery centre as per V 1.0 of Statement of Applicability by Maverick Quality Advisory Services
	Awarded for significant contributions in the field of CSR and HR at the CSR-HR Colloquium, 2019 by the Odisha CSR Forum
2020	Awarded the 19 th Annual Greentech Safety Award, 2020 by Greentech Foundation
	Certified as a Premium Member of the British Safety Council
	Awarded for commendable contribution in the field of Corporate Social Responsibility at the Samaya Conclave - 2020
	Awarded the HR Best Practices - Union Management Relationship by NHRDN, Odisha chapter

Calendar Year	Awards and accreditations
2021	Awarded the Brands of Odisha: Pride of India award at the Sambad Corporate Excellence Awards, 2020 by Eastern Media Limited
	Awarded the Best Brand Platinum Award 2021 in the category of Corporate Excellence
	Awarded the 3rd prize in the CII-HR-Industrial Relations Management Contest by the Confederation of Indian Industries
	Awarded the Best Productivity Excellence Award for overall production achievement in financial year 2020-21 by Orissa State Productivity Council
	Awarded the Kalinga Safety Excellence Award (Gold) for the performance year 2019 at the Odisha State Safety Conclave, 2021

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

As on the date of this Draft Red Herring Prospectus, there have been no defaults or rescheduling of borrowings with financial institutions or banks in respect of our current borrowings from lenders.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years

Except as disclosed below, our Company has not made any material acquisitions or divestments of any business or undertaking, and has not undertaken any merger, amalgamation or any revaluation of assets in the last 10 years.

Business Transfer Agreement dated March 1, 2021 among our Company and ZACL as amended by the Addendum to the Business Transfer Agreement dated July 30, 2021

On March 1, 2021, our Company entered into a business transfer agreement with ZACL (“BTA”), to acquire ZACL’s rights, title and interest in its business of developing, manufacturing and trading of DAP, several grades of NPK (N-10, N-12, N-14, N-19 and N-28), urea and MOP including sale of the Goa Facility, related factory land and associated assets (“Sale Properties”) for a total consideration of USD 280 million, equivalent to ₹ 20,523 million as per the terms of BTA, to be suitably adjusted for working capital changes and other items agreed upon as on the date of the actual transfer. The Sale Properties included, amongst others, ZACL’s current, immovable and movable assets; permits and licences for carrying on business; intellectual property rights; contracts; investments and liabilities, except for certain specifically excluded liabilities, as on the date of the actual transfer of the Sale Properties (“Closing Date”). Under the terms of the BTA, the Sale Properties were deemed to have been transferred to and vested in our Company as on the Closing Date. Further, the transaction contemplated under the BTA comprised of the sale and purchase of the Sale Properties on a going concern basis by way of a slump sale, such that no specific part of the consideration could be allocated to any specific asset or right(s). Further, the long-stop date was extended from June 30, 2021 to December 31, 2021 by the Addendum to the BTA dated July 30, 2021. For details in relation to the purchase consideration, see “**Objects of the Offer - Objects of the Offer-Details of the Objects - Valuation, adjustments and computation of purchase consideration**” on page 81.

Shareholders’ agreements

Shareholders agreement dated February 28, 2002 among our Company, the President of India (“GoI”), Zuari Maroc Phosphates Private Limited (“ZMPPL”), Zuari Industries Limited (“ZIL”) and Maroc Phosphore S.A., (“Maroc or OCP”) (collectively, the “Group”) (“SHA”) and (ii) Share purchase agreement dated May 27, 2011 among ZMPPL, ZIL and Zuari Agro Chemicals Limited

The Group has entered into the SHA to govern the mutual rights and obligations in relation to our Company, pursuant to the proposed acquisition of 74.00% of our Equity Share capital by ZMPPL from GoI. In accordance with the terms of the SHA, throughout its tenure, GoI has the right to nominate two Directors on our Board, subject to GoI holding more than 15.50% of the issued and subscribed Equity Share Capital of our Company. If GoI’s shareholding falls below 15.50%, it shall have the right to nominate one Director on our Board. Further, ZMPPL has a right to nominate such number of Directors on our Board, as are proportionate to its shareholding in our Company, subject to a maximum of six Directors. The chairperson and the managing director of our Company shall be appointed by ZMPPL, in terms of the SHA. According to the SHA, upon closing of the proposed transaction, our Board shall comprise of 12 Directors, of which, five Directors shall be nominated by ZMPPL, and two Directors shall be nominated by GoI. The SHA governs the essentials of conduct of our board and shareholders’ meetings. In terms of the SHA, ZMPPL shall not transfer, sell, assign, pledge, charge, grant a beneficial interest in, and grant any option or right to purchase, or in any other way dispose or encumber any of

the Equity Shares, within three years from closing of the transaction, as contemplated in the SHA. The SHA provides for a mutually-corresponding right of first refusal to ZMPPL and GoI in relation to transfer of Equity Shares. Further, the GoI additionally has a tag along right pursuant to a proposed sale of Equity Shares by ZMPPL; and a put option right requiring ZMPPL to purchase the Equity Shares held by GoI. Further, ZMPPL has a call option right requiring the GoI to sell the Equity Shares to ZMPPL.

Termination: GoI, ZMPPL, ZIL and OCP may terminate the SHA by a written agreement from each of them to this effect or if the Company becomes bankrupt or is dissolved. Further, if either ZMPPL or GoI ceases to hold, directly or indirectly, at least 25% or 10% of the Equity Share capital of the Company, respectively, the SHA shall be terminated automatically.

Waivers: Pursuant to the Offer Agreement, waivers has been sought with respect to certain special rights available to GoI and ZMPPL under the SHA, to facilitate the Offer.

Key terms of other subsisting material agreements

Except as disclosed in “– *Shareholders’ agreements*” and “*Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years*” on page 204, respectively, our Company has not entered into any subsisting material agreements other than in the ordinary course of business of our Company.

Holding Company

As on the date of this Draft Red Herring Prospectus, ZMPPL holds 80.45% of the issued, subscribed and paid-up Share capital of our Company. For details of ZMPPL, see “*Our Promoters and Promoter Group*” on page 226.

Subsidiaries of our Company

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries.

Joint ventures of our Company

As on the date of this Draft Red Herring Prospectus, our Company has one joint venture, Zuari Yoma Agri Solutions Limited, details of which are set forth below.

Zuari Yoma Agri Solutions Limited (“Zuari Yoma”)

Zuari Yoma was incorporated under the Myanmar Companies Act, 1914 on June 15, 2018 as a private limited company and is a joint venture between Yoma Agriculture Company Limited and our Company. The company registration number of Zuari Yoma is 115665065 and its registered office is located at The Campus, 1 Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, 11401 Myanmar. Zuari Yoma is engaged in the business of producing and distributing fertilizers including physical compound fertilizer granulated blends within Myanmar, as well as other agricultural inputs such as seeds, agro chemicals, water soluble fertilizer and specialty fertilizer.

The authorized share capital of Zuari Yoma is \$50,000,000 divided into 50,000,000 equity shares of \$1 each. The issued, subscribed and paid-up equity share capital of Zuari Yoma is \$ 1,025,000 divided into 1,025,000 equity shares of face value \$ 1 each. Our Company currently holds 50% of the issued, subscribed and paid-up equity share capital of Zuari Yoma. There are no accumulated profits or losses of Zuari Yoma that are not accounted for by our Company.

Our Company holds 512,500 equity shares of Zuari Yoma aggregating to 50.00% of the total equity shareholding of Zuari Yoma.

Significant strategic or financial partnerships

Our Company does not have any significant strategic or financial partners as on the date of this Draft Red Herring Prospectus.

Agreements with Promoters, Key Managerial Personnel, Directors or any other employees

As on the date of this DRHP, there are no agreements entered into by our Promoters, Key Managerial Personnel or Director or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Details of guarantees given to third parties by our Promoters for offering the shares in this Offer for Sale

As on the date of this Draft Red Herring Prospectus, no guarantee has been issued by our Promoters to third parties offering its Equity Shares in this Offer for Sale.

OUR MANAGEMENT

Under our Articles of Association, our Company is authorised to have a minimum of three and maximum of twelve Directors. As on the date of this Draft Red Herring Prospectus, we have seven Directors on our Board, comprising one Executive Director, two Non-executive Directors and four Independent Directors, including one woman Independent Director. The Chairman of our Board, Saroj Kumar Poddar, is a Non-executive Director. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act 2013 and the SEBI Listing Regulations.

Our Board

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

Name, date of birth, designation, address, occupation, term, period of directorship and DIN of our Directors	Age (years)	Other Directorships
Saroj Kumar Poddar	75	<i>Indian Companies</i>
<i>Date of birth:</i> September 15, 1945		1. Adventz Finance Private Limited
<i>Designation:</i> Chairman and Non-executive Director (Nominee of ZMPPL)		2. Adventz Homecare Private Limited
<i>Address:</i> Poddar Niket, 2, Gurusaday Road, Ballygunge, Kolkata – 700019		3. Chambal Fertiliser and Chemicals Limited
<i>Occupation:</i> Industrialist		4. Forte Furniture Products India Private Limited
<i>Term:</i> Liable to retire by rotation		5. HePo India Private Limited
<i>Period of directorship:</i> Effective from February 5, 2014		6. Hettich India Private Limited
<i>DIN:</i> 00008654		7. Lionel India Limited
		8. Texmaco Infrastructure and Holdings Limited
		9. Texmaco Rail and Engineering Limited
		10. Zuari Agro Chemicals Limited
		11. Zuari Global Limited
		<i>Foreign Companies</i>
		1. Calcutta Tramways Company Limited
		2. Indo Maroc Phosphore S.A
Narayanan Suresh Krishnan	56	<i>Indian Companies</i>
<i>Date of birth:</i> June 3, 1964		1. Mangalore Chemicals and Fertilizers Limited
<i>Designation:</i> Executive Director and Managing Director (Nominee of ZMPPL)		2. The Fertiliser Association of India
<i>Address:</i> E-302, Central Park-1, Golf Course Road, Sector 42, Galleria DLF-IV, Gurugram, Haryana – 122009		3. Zuari Agro Chemicals Limited
<i>Occupation:</i> Service		4. Zuari Maroc Phosphates Private Limited
<i>Term:</i> Liable to retire by rotation		<i>Foreign Companies</i>
<i>Period of directorship:</i> Effective from February 16, 2020		Nil
<i>DIN:</i> 00021965		

Name, date of birth, designation, address, occupation, term, period of directorship and DIN of our Directors	Age (years)	Other Directorships
Soual Mohamed	64	<i>Indian Companies</i>
<i>Date of birth:</i> February 5, 1956		1. Zuari Maroc Phosphates Private Limited
<i>Designation:</i> Non-executive Director (Nominee of ZMPPL)		<i>Foreign Companies</i>
<i>Address:</i> LOT LA Coline NR 63, Sidi Maarouf, Casablanca, Morocco		Nil
<i>Occupation:</i> Service		
<i>Term:</i> Not liable to retire by rotation		
<i>Period of directorship:</i> Effective from February 3, 2020		
<i>DIN:</i> 08684762		
Kiran Dhingra	68	<i>Indian Companies</i>
<i>Date of birth:</i> January 12, 1953		1. Astra Micro Wave Products Limited
<i>Designation:</i> : Independent Director		2. Goa Carbon Limited
<i>Address:</i> H. No. 83-C, Gancim-Batim, PO Goa Velha, North Goa - 403108		3. Indian Register of Shipping
<i>Occupation:</i> Service		4. Stovec Industries Limited
<i>Term:</i> Three years from July 27, 2020		<i>Foreign Companies</i>
<i>Period of directorship:</i> Effective from July 27, 2017		Nil
<i>DIN:</i> 00425602		
Marco Phillipus Ardeshir Wadia	65	<i>Indian Companies</i>
<i>Date of birth:</i> January 30, 1956		1. Amphenol Interconnect India Private Limited
<i>Designation:</i> : Independent Director		2. Amphenol Omniconnect India Private Limited
<i>Address:</i> Thakur Nivas, Flat No. 23, 5th Floor, 173, Jamshedji Tata Road, Churchgate, Mumbai – 400020, Maharashtra		3. Amphetronix Offset Interconnect Solutions Private Limited
<i>Occupation:</i> Business		4. Chambal Fertilisers and Chemicals Limited
<i>Term:</i> Three years from September 19, 2019		5. Exa Thermometrics India Private Limited
<i>Period of directorship:</i> Effective from March 21, 2006		6. Gobind Sugar Mills Limited
<i>DIN:</i> 00244357		7. Indian Register of Shipping
		8. Johnson & Johnson Private Limited
		9. Josts Engineering Company Limited
		10. Simon India Limited
		11. Stovec Industries Limited
		12. Zuari Agro Chemicals Limited
		13. Zuari Global Limited
		<i>Foreign Companies</i>
		Nil

Name, date of birth, designation, address, occupation, term, period of directorship and DIN of our Directors	Age (years)	Other Directorships
Satyananda Mishra	71	<i>Indian Companies</i>
<i>Date of birth:</i> January 17, 1949		1. 63 Moons Technologies Limited
<i>Designation:</i> Independent Director		2. Invesco Trustee Private Limited
<i>Address:</i> D-138, Defence Colony, Delhi - 110024		3. SME Mavens Foundation
<i>Occupation:</i> Service		4. UGRO Capital Limited
<i>Term:</i> Three years from November 4, 2020		<i>Foreign Companies</i>
<i>Period of directorship:</i> Effective from November 4, 2020		Nil
<i>DIN:</i> 01807198		
Dipankar Chatterji	73	<i>Indian Companies</i>
<i>Date of birth:</i> August 23, 1948		1. Zuari Global Limited
<i>Designation:</i> Independent Director		2. Nicco Parks & Resorts Limited
<i>Address:</i> 2A, Minto Park Syndicate, 13 D.L. Khan Road, Kolkata – 700 027, West Bengal		3. Obeetee Textiles Private Limited
<i>Occupation:</i> Chartered Accountant		4. Peerless Financial Services Limited
<i>Term:</i> Three years from August 3, 2021		5. The Peerless General Finance & Investment Co Limited
<i>Period of directorship:</i> Effective from August 3, 2021		6. Bengal Peerless Housing Development Company Limited
<i>DIN:</i> 00031256		7. Magnum Counsellors Private Limited
		8. Delphi Management Services Private Limited
		9. Jagaran Microfin Private Limited
		10. Neotia Healthcare Initiative limited
		11. West Bengal Industrial Infrastructure Development Corporation
		12. Mangalore Chemicals and Fertilisers Limited
		13. Zuari Agro Chemicals Limited
		<i>Foreign Companies</i>
		Nil

Arrangement or Understanding with major shareholders, customers, suppliers or others

Apart from Saroj Kumar Poddar, Narayanan Suresh Krishnan and Soual Mohamed nominated by ZMPPL, in terms of the respective rights of the GoI and ZMPPL under the SHA read with the Amendment Agreement, and our Articles of Association, none of our Directors have been appointed pursuant to any arrangement or understanding with our Shareholders, customers, suppliers or others.

Brief profiles of our Directors

Saroj Kumar Poddar is the Chairman of our Company and chairman of the Adventz Group. He holds a bachelor's degree in commerce from St. Xavier's College, University of Calcutta. He has served as the President of the Federation of Indian Chambers of Commerce and Industry and was also appointed as a member of the Board of Trade and a member of the Court of the Indian Institute of Science, Bangalore by the Government of

India. He was also on the Advisory Council of N M Rothschild (India) Limited. He is also a recipient of the Rashtriya Samman award from the Central Board of Direct Taxes.

Narayanan Suresh Krishnan is an Executive Director of our Company and our Managing Director. He holds a bachelor's degree in engineering and a master's degree in science from the Birla Institute of Technology and Science, Pilani. He has been part of the Adventz Group and related companies for over two decades. His functional experience spans across corporate finance, corporate strategy, projects planning, operations and business development. Over the years, he has been instrumental in financing of large greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions, and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector.

Soual Mohamed is a Non-executive Director of our Company. He holds an engineering degree in the electronics stream from the National School of Civil Aviation, Toulouse, France. He has also completed a certificate programme in accelerated general management from HEC Paris, France. He currently holds a full time position as the Adviser to the CEO and Chief Economist of OCP, Morocco.

Kiran Dhingra is an Independent Director of our Company. She holds a bachelor's degree and a master's degree in English literature from Meerut University. She joined the Indian Administrative Services in 1975.

Marco Philippus Ardeshir Wadia is an Independent Director of our Company. He holds a bachelor's degree in law from Bombay University. He is a member of the Bar Council of India. He has been a practicing advocate since 1986 and, is currently a partner at Crawford Bayley & Co. He has over 30 years of experience in the legal profession having specialised in corporate matters and mergers and acquisitions.

Satyananda Mishra is an Independent Director of our Company. He holds a bachelor's and master's degree in English from Utkal University. He is a retired officer from the Indian Administrative Services officer of the batch of 1973. He was previously the Chief Information Commissioner of India and Secretary, Ministry of Personnel and Training, Government of India. He has served as Chairman of the Multi-Commodity Exchange of India Limited and as an independent director of SIDBI. At present, he is serving as a director on the boards of REVA University, Bangalore and the National Foundation of India.

Dipankar Chatterji is an independent Director of our Company. He passed the final examinations held by the Institute of Chartered Accountants of India in 1969 and became a fellow thereafter. He is currently a senior partner at L B Jha & Co., Chartered Accountants. He was a member of the working group constituted by the RBI to review the system of on-site supervision over banks. He has served as Chairman of the Auditing Practices Committee of the Institute of Chartered Accountants of India and the audit committee of the board of directors of Union Bank of India. He has also served as a director on the board of SBI Home Finance Limited.

Relationship between Directors and Key Managerial Personnel

None of our Directors are related to each other or to the Key Managerial Personnel of our Company.

Terms of Appointment of our Executive Director

Narayanan Suresh Krishnan was appointed as Managing Director of our Company for a period of three years with effect from February 16, 2020 to February 15, 2023, pursuant to resolutions passed by our Board and Shareholders on February 3, 2020 and September 11, 2020, respectively.

Pursuant to the aforementioned resolutions, Narayanan Suresh Krishnan is entitled to the following remuneration and perquisites with effect from February 16, 2020:

- **Salary:** ₹ 888,888 per month in the range of ₹ 800,000 to ₹ 2,000,000 with such annual increments as may be determined by the Nomination and Remuneration Committee and/or our Board.
- **Perquisites and benefits:** Perquisites including superannuation fund and National Pension Scheme are available in addition to the salary, subject to a maximum of ₹ 1,265,880 per month and as applicable to senior executives in accordance with the policy of our Company, which shall be reviewed by the Nomination and Remuneration Committee or our Board on an annual basis. The following perquisites will also be provided in accordance with the rules of our Company as applicable to senior executives: (i) membership fees of one club, and (ii) a car maintained by our Company. The Managing Director shall also be entitled to such other perquisites which are applicable to senior executives of our Company. Provision of car, mobile phone and telephone at residence shall not be considered as perquisites.

- Performance linked variable pay: ₹ 538,720 per month in accordance with the rules of our Company, based on our Company's and his performance as decided by the Nomination and Remuneration Committee and/or our Board at its sole discretion.
- Coverage under the group personal accident insurance policy, group term life insurance scheme, group health insurance scheme in accordance with the policy of our Company.
- All contributions made by our Company, including to provident fund and gratuity, shall be in accordance with the rules of our Company.
- Leave/ encashment of leave in accordance with the rules of our Company applicable to senior executives.
- All statutory deductions will be made in accordance with the current provisions or as amended from time to time. Payment of taxes (apart from tax deducted at source by our Company) will be the responsibility of the Managing Director.

Payment or benefit to Directors of our Company

Details of the sitting fees/other remuneration paid to our Directors in Fiscal 2021 are set forth below.

Remuneration to Executive Directors

(in ₹ million)

Name of Executive Director	Managerial Remuneration	Commission	Others	Total
Narayanan Suresh Krishnan	22.72	-	-	22.72

Remuneration to Non-Executive Directors and Independent Directors

Our Non-Executive Directors are not entitled to receive any remuneration or sitting fees from our Company.

Pursuant to a resolution passed by our Board on August 12, 2015, our Independent Directors are entitled to receive a sitting fee of ₹ 40,000 for attending each meeting of our Board, ₹ 25,000 for attending each meeting of the Audit Committee and ₹ 15,000 for attending meetings of each of the other committees of our Board. Details of the sitting fees and commission paid to our Independent Directors in Fiscal 2021 are set forth below:

(in ₹ million)

Name of Independent Director	Director Sitting Fee	Commission	Others	Total
Kiran Dhingra	0.40	-	-	0.40
Marco Philippus Ardeshir Wadia	0.40	-	-	0.40
Satyananda Mishra	0.08	-	-	0.08

Bonus or profit sharing plan for the Directors

Our Company does not have any bonus or profit sharing plan for our Directors.

Shareholding of our Directors

Other than as disclosed under “**Capital Structure – Notes to Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company**” on page 76, none of our Directors hold any Equity Shares as on the date of this Draft Red Herring Prospectus. Our Directors are not required to hold any qualification shares in the Company.

Service contracts with Directors

There are no service contracts entered into by our Directors with the Company which provide for benefits upon termination of employment.

Contingent and deferred compensation payable to Directors

There is no contingent or deferred compensation payable to our Directors, which does not form part of their remuneration.

Interest of Directors

All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them as well as sitting fees, if any, payable to them for attending meetings of our Board or committees thereof. Our Directors may be interested to the extent of Equity Shares, if any, that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue and any dividend and other distributions payable in respect of such Equity Shares. Some of our Directors hold positions as directors on the board of directors of our Promoters. For further details, see “– *Terms of Appointment of our executive Director*” and “–*Payments or benefit to Directors of our Company*”, each on page 210 and 211.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

Interest in land and property

Except as stated below, none of our Directors are not interested in any property or land acquired or proposed to be acquired by our Company.

Saroj Kumar Poddar, Narayanan Suresh Krishnan, Kiran Dhingra (in her capacity as an independent director on the board of directors of ZACL) and Dipankar Chatterjee are interested to the extent of any land or property that are proposed to be acquired by the Company by way of the BTA from ZACL.

Interest in promotion or formation of our Company

None of our Directors have any interest in the promotion or formation of our Company as on the date of this Draft Red Herring Prospectus.

Business interest

Except as stated in the section titled “*Financial Statements – Restated Consolidated Financial Information – Notes to Restated Consolidated Financial Information – Note 33 – Related party disclosures*” on page 277, our Directors do not have any other business interest in our Company.

Directorships of Directors in listed companies

Except for Dipanker Chatterji, Marco Philippus Ardeshir Wadia, Narayanan Suresh Krishnan and Saroj Kumar Poddar, in relation to whom details are mentioned below, none of our Directors are, or for the five years prior to the date of this Draft Red Herring Prospectus, have been on the board of directors of any listed company whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure.

Particulars	Details		
Dipankar Chatterji			
Name of the company	Texmaco Infrastructure & Holdings Limited	Nicco Parks and Resorts Limited	TRF Limited
Name of the stock exchange(s) on which the company was listed	The Calcutta Stock Exchange Limited	The Calcutta Stock Exchange Limited	The Calcutta Stock Exchange Limited
Date of suspension on stock exchanges	March 21, 2014	March 21, 2014	March 21, 2014
If trading suspended for more than three months, reason for suspension and period of suspension	Non-compliance with the listing agreement	Non-compliance with the listing agreement	Non-compliance with the listing agreement
If the suspension of trading was revoked, the date of revocation of suspension	February 1, 2019	January 25, 2021*	February 9, 2021

Particulars	Details		
Term of directorship	September 25, 2010 to May 15, 2018	Since July 26, 2019 for a term of 5 years	June 21, 2008 to August 2, 2019
Narayanan Suresh Krishnan			
Name of the company	Texmaco Infrastructure & Holdings Limited	Gobind Sugar Mills Limited	-
Name of the stock exchange(s) on which the company was listed	The Calcutta Stock Exchange Limited	The Calcutta Stock Exchange Limited	-
Date of suspension on stock exchanges	March 21, 2014	March 21, 2014	-
If trading suspended for more than three months, reason for suspension and period of suspension	Non-compliance with the listing agreement	Non-compliance with the listing agreement	
If the suspension of trading was revoked, the date of revocation of suspension	February 1, 2019	October 30, 2017*	-
Term of directorship	October 1, 2016 to March 3, 2020	Since August 21, 2012	-
Marco Philippus Ardeshir Wadia			
Name of the company	Gobind Sugar Mills Limited	-	-
Name of the stock exchange(s) on which the company was listed	The Calcutta Stock Exchange Limited	-	-
Date of suspension on stock exchanges	March 21, 2014	-	-
If trading suspended for more than three months, reason for suspension and period of suspension	Non-compliance with the listing agreement	-	-
If the suspension of trading was revoked, the date of revocation of suspension	October 30, 2017*	-	-
Term of directorship	April 1, 2019 to March 31, 2024	-	-
Saroj Kumar Poddar			
Name of the company	Texmaco Infrastructure & Holdings Limited	-	-
Name of the stock exchange(s) on which the company was listed	The Calcutta Stock Exchange Limited	-	-
Date of suspension on stock exchanges	March 21, 2014	-	-
If trading suspended for more than three months, reason for suspension and period of suspension	Non-compliance with the listing agreement	-	-
If the suspension of trading was revoked, the date of revocation of suspension	February 1, 2019	-	-
Term of directorship (along with relevant dates) in the above company	Since February 14, 1991. He is liable to retire by rotation.	-	-

*Date of revocation of suspension of dealing effective from October 31, 2017.

Except for Dipankar Chatterji, Marco Philippus Ardeshir Wadia, Narayanan Suresh Krishnan and Saroj Kumar Poddar, in relation to whom details are mentioned below, none of our Directors has been or is a director on the board of directors of any listed company which has been /was delisted from any stock exchange(s), during their tenure.

Particulars	Details		
Dipankar Chatterji			
Name of the company	Texmaco Infrastructure & Holdings Limited	TRF Limited	-
Name of the stock exchange(s) on which the company was listed	The Calcutta Stock Exchange Limited	The Calcutta Stock Exchange Limited	-
Date of delisting on stock exchanges	December 12, 2019	March 4, 2021	-

Particulars	Details		
Whether delisting was compulsory or voluntary	Voluntary	Voluntary	-
Reasons for delisting	Voluntary	Voluntary	-
Whether company has been relisted	No	No	-
Date of relisting	Not Applicable	Not Applicable	-
Term of directorship (along with relevant dates) in the above company	June 21, 2008 to August 2, 2019	September 25, 2010 to May 15, 2018	-
Narayanan Suresh Krishnan			
Name of the company	Texmaco Infrastructure & Holdings Limited	Gobind Sugar Mills Limited	-
Name of the stock exchange(s) on which the company was listed	The Calcutta Stock Exchange Limited	The Calcutta Stock Exchange Limited	-
Date of delisting on stock exchanges	December 12, 2019	March 9, 2018	-
Whether delisting was compulsory or voluntary	Voluntary	Voluntary	-
Reasons for delisting	Voluntary	Voluntary	-
Whether company has been relisted	No	No	-
Date of relisting	Not Applicable	Not Applicable	-
Term of directorship (along with relevant dates) in the above company	October 1, 2016 to March 3, 2020	Since August 1, 2012	-
Marco Philippus Ardeshir Wadia			
Name of the company	Gobind Sugar Mills Limited	Chambal Fertilisers and Chemicals Limited	-
Name of the stock exchange(s) on which the company was listed	The Calcutta Stock Exchange Limited	Delhi Stock Exchange	-
Date of delisting on stock exchanges	March 9, 2018	December 29, 2003	-
Whether delisting was compulsory or voluntary	Voluntary	Voluntary	-
Reasons for delisting	Voluntary	Not Applicable	-
Whether company has been relisted	No	No	-
Date of relisting	Not Applicable	Chambal Fertilisers and Chemical Limited	-
Term of directorship (along with relevant dates) in the above company	April 1, 2019 to March 31, 2024	Delhi Stock Exchange	-
Saroj Kumar Poddar			
Name of the company	Texmaco Infrastructure & Holdings Limited	Texmaco Rail & Engineering Limited	Chambal Fertilisers and Chemicals Limited
Name of the stock exchange(s) on which the company was listed	The Calcutta Stock Exchange Limited	The Calcutta Stock Exchange Limited	Delhi Stock Exchange
Date of delisting on stock exchanges	December 12, 2019	December 12, 2019	December 29, 2003
Whether delisting was compulsory or voluntary	Voluntary	Voluntary	Voluntary
Reasons for delisting	Voluntary	Voluntary	Not Applicable

Particulars	Details		
Whether company has been relisted	No	No	No
Date of relisting	Not Applicable	Not Applicable	-
Term of directorship (along with relevant dates) in the above company	Since February 14, 1991. He is liable to retire by rotation	Since September 25, 2010. He is liable to retire by rotation	-

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Director	Date of Change	Reasons
Rekha Sharma	April 10, 2018	Cessation as Director
Harvinder Singh	April 10, 2018	Appointment as Director*
Mustapha El Ouafi	February 3, 2020	Cessation as Director
Soual Mohamed	February 3, 2020	Appointment as Director
Sunil Sethy	February 15, 2020	Cessation as Managing Director
Narayanan Suresh Krishnan	February 16, 2020	Appointment as Managing Director
Harvinder Singh	April 20, 2020	Cessation as Director
Vinay Kumar Pandey	April 20, 2020	Appointment as Director
Satyananda Mishra	November 4, 2020	Appointment as Director
Mohamed Belhoussain	January 21, 2021	Cessation as Director
Prabhas Kumar	July 27, 2021	Cessation as Director
Dipankar Chatterji	August 3, 2021	Appointment as Director
Vinay Kumar Pandey	July 29, 2021	Cessation as Director

*Regularized pursuant to a resolution passed by the Shareholders on July 2, 2018.

Borrowing Powers

Pursuant to our Articles of Association and applicable provisions of the Companies Act 2013 and pursuant to the special resolution passed by our Shareholders on September 23, 2016, our Board is entitled to borrow money through loans, advances, credit etc., both domestic and foreign currency borrowings. up to an amount of ₹55,000 million (including public deposits but excluding temporary loans obtained from the Company's bankers in the ordinary course of business) from banks, financial institutions and other sources from time to time for financing working capital requirements, acquisition of capital assets and/or for any other requirements of the Company, both capital and revenue in nature, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, i.e., the reserves not set apart for any specific purposes

Corporate Governance

As on the date of this Draft Red Herring Prospectus, we have eight Directors on our Board, comprising 1 executive Director, two Non-executive Directors and four Independent Directors, including 1 woman Director. The Chairman of our Board, Saroj Kumar Poddar, is a Non-executive Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013 in relation to the composition of our Board and constitution of committees thereof.

Our Company undertakes to take all necessary steps to continue to comply with all the applicable requirements of SEBI Listing Regulations and the Companies Act 2013.

Board committees

Our Company has constituted the following committees of the Board in terms of the SEBI Listing Regulations and the Companies Act 2013:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;

- (c) Stakeholders' Relationship Committee;
- (d) Corporate Social Responsibility Committee; and
- (e) Risk Management Committee.

Audit Committee

The Audit Committee was last reconstituted pursuant to a resolution passed by the Board by way of circulation on August 3, 2021. The Audit Committee is in compliance with Section 177 of the Companies Act 2013 and Regulation 18 of the SEBI Listing Regulations. The Audit Committee currently consists of:

- (a) Marco Philippus Ardeshir Wadia, Independent Director (Chairman);
- (b) Kiran Dhingra, Independent Director (Member);
- (c) Soual Mohamed, Non-Executive Director (Member); and
- (d) Satyananda Mishra, Independent Director (Member)

The Company Secretary shall act as the secretary to the Audit Committee.

Scope and terms of reference: The terms of reference of the Audit Committee shall include the following:

The Audit Committee shall have powers, including the following:

- (1) to investigate any activity within its terms of reference;
- (2) to seek information from any employee;
- (3) to obtain outside legal or other professional advice; and
- (4) to secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall include the following:

- (1) oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
- (2) recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;

- f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
- (5) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
 - (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - (8) approval of any subsequent modification of transactions of the Company with related parties proposed to be entered into by the Company, parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee ;

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

- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) reviewing the functioning of the whistle blower mechanism;
- (19) monitoring the end use of funds raised through public offers and related matters;
- (20) overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

- (21) approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (22) reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
- (23) considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and
- (24) carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Additionally, the Audit Committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the chief internal auditor; and
- (6) statement of deviations in terms of the SEBI Listing Regulations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and
 - b. annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last reconstituted pursuant to a resolution passed by the Board by way of circulation on August 3, 2021. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently consists of:

- (a) Marco Philippus Ardeshir Wadia , Independent Director (Chairman);
- (b) Kiran Dhingra, Independent Director (Member); and
- (c) Soual Mohamed, Non-executive Director (Member);

Scope and terms of reference: The terms of reference of the Nomination and Remuneration Committee shall include the following:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.
- (2) Evaluating the balance of skills, knowledge and experience on the Board for every appointment of an independent director, and based on such evaluation, preparing a description of the role and capabilities

required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may: (i) use the services of external agencies, if required, (ii) consider candidates from a wide range of backgrounds, having due regard to diversity, and (iii) consider the time commitments of the candidate

- (3) formulation of criteria for evaluation of performance of independent directors and the Board.
- (4) devising a policy on Board diversity.
- (5) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director's performance (including independent director).
- (6) extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (7) recommending to the Board, all remuneration, in whatever form, payable to senior management.
- (8) carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

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

- (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

In addition, the Nomination and Remuneration Committee has also been empowered to perform such functions as are required to be performed by the compensation committee/Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following:

- (1) administering the employee stock option plans of the Company from time to time;
- (2) determining the eligibility of employees to participate under the employee stock option plans;
- (3) granting options to eligible employees and determining the date of grant under the employee stock option plans;
- (4) determining the number of options to be granted to an employee under the employee stock option plans;
- (5) determining the exercise price under the employee stock option plans; and
- (6) construing and interpreting the employee stock option plans and any agreements defining the rights and obligations of the Company and eligible employees under the employee stock option plans, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the employee stock option plans.
- (7) framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, or any other applicable law, including:

- (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
- (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.
- (8) carrying out any other activities as may be delegated by the Board of Directors of the Company functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted pursuant to a resolution passed by the Board by way of circulation on August 3, 2021. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently consists of:

- a. Satyananda Mishra, Independent Director (Chairman);
- b. Kiran Dhingra, Independent Director (Member); and
- c. Narayanan Suresh Krishnan, Managing Director and Executive Director (Member).

Scope and terms of reference: The terms of reference of the Stakeholders' Relationship Committee shall include the following:

- (1) considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;
- (2) resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- (3) review of measures taken for effective exercise of voting rights by shareholders;
- (4) review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- (5) review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
- (6) carrying out any other functions required to be carried out by the Stakeholders' Relationship Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Corporate Social Responsibility Committee

Our Corporate Social Responsibility Committee was last reconstituted pursuant to a resolution passed by the Board by way of circulation on August 3, 2021. The Corporate Social Responsibility Committee is in compliance with Section 135 of the Companies Act 2013. The Corporate Social Responsibility Committee currently consists of:

- a. Marco Philippos Ardesir Wadia , Independent Director (Chairman);
- b. Kiran Dhingra, Independent Director (Member); and

- c. Narayanan Suresh Krishnan, Executive Director and Managing Director (Member).

The Corporate Social Responsibility Committee is authorized to perform the following functions:

- (1) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013.
- (2) review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a).
- (3) monitor the corporate social responsibility policy of the Company and its implementation from time to time.
- (4) undertake any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time and/or as may be required under applicable law, as and when amended from time to time.

Risk Management Committee

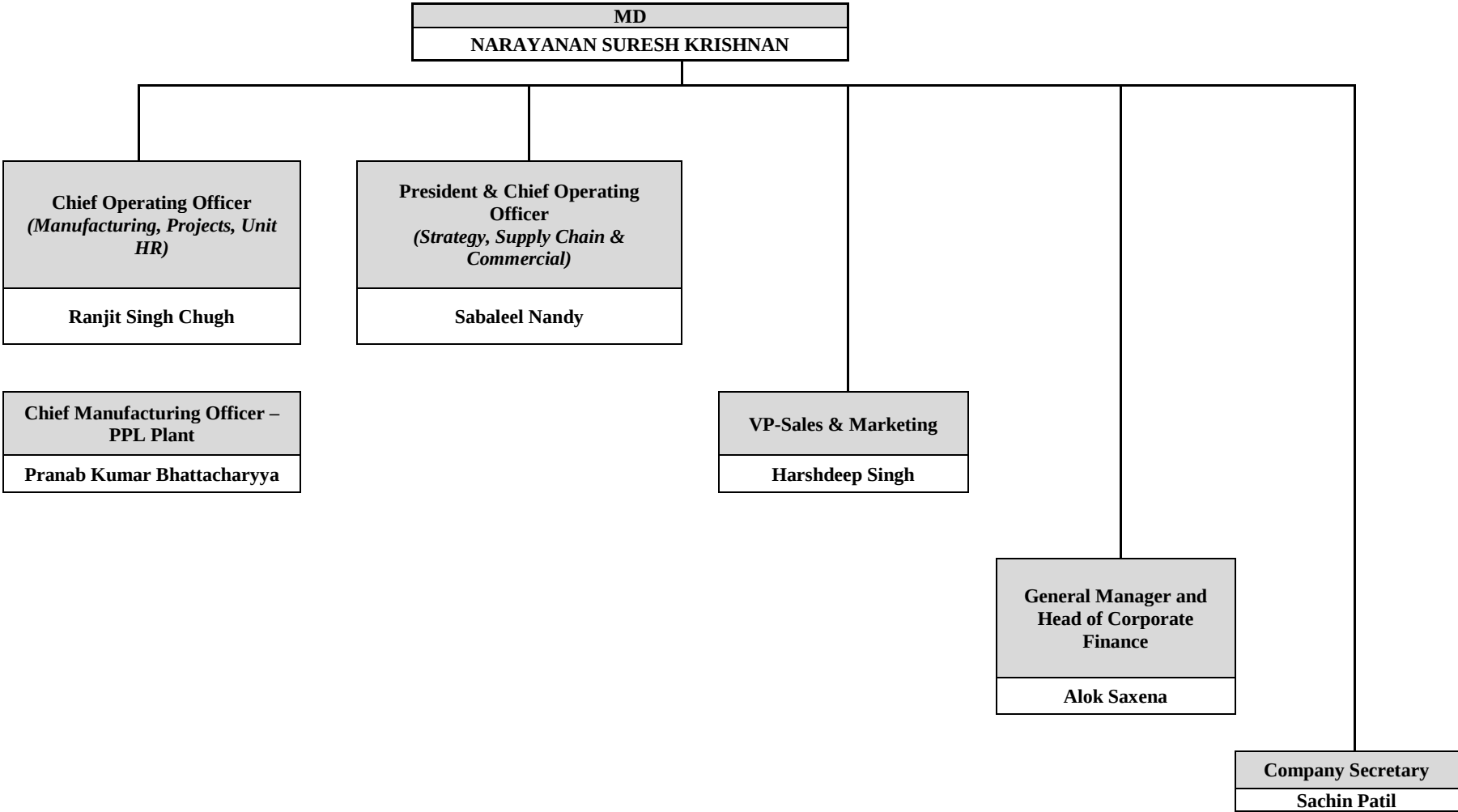
Our Risk Management Committee was last reconstituted pursuant to a resolution passed by the Board by way of circulation on August 3, 2021. The Risk Management Committee is in compliance with Regulation 19 of the SEBI Listing Regulations. The Risk Management Committee currently consists of:

- a. Narayanan Suresh Krishnan, Executive Director and Managing Director (Chairman);
- b. Soual Mohamed, Non-Executive Director and Managing Director (Member);
- c. Dipankar Chatterji Independent Director (Member); and
- d. Sabaleel Nandy, Chief Operating Officer (Member)

The Risk Management Committee is authorized to perform the following functions:

- (1) formulation of a detailed risk management policy which shall include: (a) a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee; (b) measures for risk mitigation including systems and processes for internal control of identified risks; and (c) business continuity plan
- (2) ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary;
- (5) Keep the Board of Directors of the Company informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
- (7) to implement and monitor policies and/or processes for ensuring cyber security; and
- (8) any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management Organisation Chart



Key Managerial Personnel

In addition to Narayanan Suresh Krishnan, our Managing Director, whose details are provided in “– **Brief Profiles of our Directors**” on page 209, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are set forth below.

Ranjit Singh Chugh is our Chief Operating Officer (Operations, Projects, Unit HR). He joined our Company on October 17, 2018. He holds a bachelor’s degree in chemical engineering from Kakatiya University. Previously, he was associated with ZACL, Gujarat Fluorochemicals Limited, Indian Farmers Fertiliser Cooperative Limited, Vikram Ispat Private Limited, Caribbean Ispat Limited and the Birla Copper unit of Hindalco Industries Limited. In Fiscal 2021, he received a remuneration of ₹ 17.23 million (which included ₹ 0.53 million for Fiscal 2020, payable in Fiscal 2021). Further, for Fiscal 2021, ₹ 3.69 million accrued as the annual variable pay, which will be payable in Fiscal 2022.

Sabaleel Nandy is our President and Chief Operating Officer (Strategy, Supply Chain and Commercial). He joined our Company on August 1, 2020. He holds a bachelor’s degree in technology (civil engineering) from Indian Institute of Technology, Kharagpur and a post-graduate diploma in management from Indian Institute of Management, Lucknow. He serves on the boards of ZMPPL, Zuari Farm Hub Limited and ZYASL. Previously, he was associated with Tata Chemicals North America as an executive director. He was also the head of manufacturing of the Tata Chemicals Limited plant in Haldia. He joined the Tata Group in 2001, as part of the Tata Administrative Services. He was also featured as one of the 25 “Hottest Young Executives under 40” by the Business Today magazine. In Fiscal 2021, he received a remuneration of ₹ 6.91 million. Further, for Fiscal 2021, ₹ 2.45 million accrued as the annual variable pay, which will be payable in Fiscal 2022.

Pranab Kumar Bhattacharyya is our Chief Manufacturing Officer – PPL Plant. He joined our Company on July 1, 2016. He holds bachelor’s degrees in science and technology (chemical technology – ceramic engineering) from University of Calcutta. He also successfully completed the post-graduate executive management programme from the S.P. Jain Institute of Management and Research, Mumbai. Previously, he was associated with Hindalco Industries Limited as an assistant general manager. He also received the “Distinguished Achiever” Award at the Chairman’s Awards, 2007 organised by the Aditya Birla Group. In Fiscal 2021, he received a remuneration of ₹ 5.36 million (which included ₹ 0.75 million for Fiscal 2020, payable in Fiscal 2021). Further, for Fiscal 2021, ₹ 1.03 million accrued as the annual variable pay, which will be payable in Fiscal 2022.

Alok Saxena is our General Manager and Head of Corporate Finance. He joined our Company on November 1, 2020. He holds a bachelor’s degree in technology (computer engineering) from Govind Ballabh Pant University of Agriculture and Technology and successfully completed a post-graduate program in management from the Great Lakes Institute of Management, Chennai. Previously, he was associated with Tata Consultancy Services as a systems engineer. He has been with Adventz group for over a decade and have handled key strategic, business transformation, M&A and commercial portfolios within the group. In Fiscal 2021, he received a remuneration of ₹ 1.10 million. Further, for Fiscal 2021, ₹ 0.40 million accrued as the annual variable pay, which will be payable in Fiscal 2022.

Sachin Patil is our Company Secretary and Compliance Officer. He joined our Company on November 4, 2020. He holds a bachelor’s degree in corporate secretarship (first class with distinction) from Karnatak University, Dharwad. He is an associate member of the Institute of Company Secretaries of India. He was earlier associated with Zuari Global Limited as Assistant Company Secretary and Compliance Officer. In Fiscal 2021, he received a remuneration of ₹ 0.75 million. Further, for Fiscal 2021, ₹ 0.06 million accrued as the annual variable pay, which will be payable in Fiscal 2022.

Contingent or deferred compensation

No contingent or deferred compensation was paid to any of our Key Managerial Personnel for Fiscal 2021.

Status of Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company.

Relationship among Key Managerial Personnel

None of our Key Managerial Personnel have any family relationship with each another.

Bonus or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan for the Key Managerial Personnel.

Shareholding of Key Managerial Personnel

Other than as provided under “*Capital Structure – Shareholding of our Directors and Key Managerial Personnel*”, none of our Key Managerial Personnel hold Equity Shares as on the date of this Draft Red Herring Prospectus.

Attrition of Key Managerial Personnel

The attrition of Key Management Personnel is not high in our Company compared to the industry.

Service Contracts with Key Managerial Personnel

Our Key Managerial Personnel are governed by the terms of their appointment letters/employment contracts and have not entered into any other service contracts with our Company. No officer of our Company is entitled to any benefit upon termination of employment or superannuation, other than statutory benefits.

Interest of Key Managerial Personnel

Other than to the extent of the remuneration, benefits, interest of receiving dividends on the Equity Shares held by them, if any, reimbursement of expenses incurred in the ordinary course of business, our Key Managerial Personnel do not have any other interest in the Company. For further details in relation to the interest of Narayanan Suresh Krishnan, Our Managing Director, in our Company, kindly refer to “– *Interest of our Director*” on page 212.

No loans have been availed by our Key Managerial Personnel from our Company as on the date of this Draft Red Herring Prospectus.

Arrangements and understanding with major shareholders, customers, suppliers or others

Except as stated above, none of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or any other person.

Changes in Key Managerial Personnel during the last three years

The changes in our Key Managerial Personnel during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Name	Date	Reason
Suvendu Kumar Kar	October 1, 2018	Resignation as Company Secretary
Asheeba Pereira	February 5, 2019	Appointment as Company Secretary
Asheeba Pereira	August 9, 2019	Resignation as Company Secretary
Sisir Kumar Mishra	August 9, 2019	Appointment as Company Secretary
Sunil Sethy	February 15, 2020	Cessation as Managing Director
Narayanan Suresh Krishnan	February 16, 2020	Appointment as Managing Director
Sisir Kumar Mishra	August 31, 2020	Resignation as Company Secretary
Sachin Patil	November 4, 2020	Appointment as Company Secretary
Sailesh Pati	August 10, 2021	Resignation as Chief Financial Officer

Employee stock option and stock purchase schemes

For details of the employee stock option schemes instituted by our Company, see “*Capital Structure – Notes to Capital Structure – Employee Stock Option Schemes*” on page 77.

Payment or Benefit to Key Managerial Personnel of our Company

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

PROMOTERS AND PROMOTER GROUP

ZMPPL, ZACL, OCP and GoI are the Promoters of our Company. As on the date of this Draft Red Herring Prospectus, ZMPPL holds 462,961,000 Equity Shares (including Equity Shares held by ZMPPL Joint Holders) and GoI holds 112,489,000 Equity Shares (including Equity Shares held by GoI nominees), constituting 80.45% and 19.55%, respectively, of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For details on shareholding of our Promoters in our Company, see “**Capital Structure – History of the share capital held by our Promoters**” on page 70. The details of our Promoters are provided below:

Zuari Maroc Phosphates Private Limited

ZMPPL was incorporated on January 24, 2002 under the Companies Act, 1956 as a limited liability company. Its registered office is situated at 5th Floor, Orissa State Handloom Weavers’ Co-operative Building, Pandit J.N. Marg, Bhubaneswar, Orissa 751001. ZMPPL is an investment company. There has been no change in the business of ZMPPL since incorporation. The board of directors of ZMPPL comprises Narayanan Suresh Krishnan, Sabaleel Nandy and Soual Mohamed.

ZMPPL is promoted by Zuari Agro Chemicals Limited and OCP, who each hold 50% of the equity shares of ZMPPL, as on the date of this Draft Red Herring Prospectus, and have held the controlling interest in ZMPPL in the three preceding years from the date of this Draft Red Herring Prospectus. There is no natural person holding 15% or more of the voting rights of ZACL and OCP. For details of the board of directors of Zuari Agro Chemicals Limited and OCP S.A, please see “**-Zuari Agro Chemicals Limited**” and “**-OCP S.A**” below.

As on the date of this Draft Red Herring Prospectus, ZMPPL (including Equity Shares held by ZMPPL Joint Holders) holds 462,961,000 Equity Shares constituting 80.45% of the pre-Offer Equity Share capital of our Company. For details in relation to the shareholding of ZMPPL in our Company, please see “**Capital Structure– Notes to Capital Structure – History of the Equity Share Capital held by our Promoters**” on page 70.

Our Company confirms that the permanent account number, bank account number, the company registration number and the address of the registrar of companies where ZMPPL is registered will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Zuari Agro Chemicals Limited

ZACL was incorporated on September 10, 2009 as ‘Zuari Holdings Limited’ under the Companies Act, 1956 as a public limited liability company and subsequently its name was changed to its present name on September 28, 2012 pursuant to conversion into a private limited company. Its registered office is situated at Jai Kisaan Bhawan, Zuarinagar, Goa 403726. ZACL is engaged in manufacturing fertilizers and marketing its products under the brand name ‘Jai Kisaan’. There has been no change in the business of ZACL since incorporation. The board of directors of ZACL comprises Saroj Kumar Poddar, Nitin M Kantak, Akshay Poddar, Narayanan Suresh Krishnan, Marco Wadia, Dipankar Chatterji, L M Chandrasekaran and Reena Suraiya. The equity shares of ZACL are currently listed on BSE and NSE.

ZACL is promoted by Zuari Global Limited, Globalware Trading & Holdings Limited, Zuari Management Services Limited and Texmaco Infrastructure & Holdings Limited, who each hold 20%, 17.81%, 12.08% and 7.13% of the equity shares of ZACL, as on the date of this Draft Red Herring Prospectus, and have held the controlling interest in ZACL in the preceding three years from the date of this Draft Red Herring Prospectus. There is no natural person holding 15% or more of the voting rights of Zuari Global Limited, Zuari Management Services Limited and Texmaco Infrastructure & Holdings Limited. Globalware Trading & Holdings Limited is promoted by Akshay Poddar, who holds 100% of the share capital of Globalware Trading & Holdings Limited.

The board of directors of Zuari Global Limited, Globalware Trading & Holdings Limited, Zuari Management Services Limited and Texmaco Infrastructure & Holdings Limited are as below:

Zuari Global Limited

1. Saroj Kumar Poddar;
2. Dipankar Chatteji;
3. Jyotsna Poddar;

4. Manju Gupta;
5. Vijay Vyankatesh Paranjape;
6. Soundararaghavan Rangachari; and
7. Marco Philippus Ardeshir Wadia

Globalware Trading & Holdings Limited

1. Akshay Poddar; and
2. Gokul Das Binani

Zuari Management Services Limited

1. Alok Saxena;
2. Naveen Kumar Kapoor; and
3. Nitin Manguesh Kantak

Texmaco Infrastructure & Holdings Limited

1. Saroj Kumar Poddar;
2. Akshay Poddar;
3. Kaarthikeyan Deverayapuram Ramasamy;
4. Santosh Kumar Rungta;
5. Utsav Parekh;
6. Ravi Todi;
7. Soundararaghavan Rangachari;
8. Ramya Hariharan;
9. Kalpataru Tripathy; and
10. Jyotsna Poddar.

As on the date of this Draft Red Herring Prospectus, ZACL does not hold any Equity Shares of our Company.

Our Company confirms that the permanent account number, bank account number, the company registration number and the address of the registrar of companies where ZACL is registered will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

OCP, S.A.

OCP was incorporated bearing its' present name on February 26, 2008 as a joint stock Company, prior to which the company was a public enterprise. Its registered office is situated at 2-4, rue Al Abtal Hay Erraha, Casablanca, Morocco. OCP exercises the monopoly for the exploration and operation of phosphates granted to the state in and is engaged in, amongst others, all activities, operations and services of any kind, directly or indirectly related to the operation, development and/ or marketing as well as the promotion and development, both in Morocco and abroad, of phosphates and their derivatives. There has been no change in the primary business of OCP since incorporation. The board of directors of OCP comprises Mostafa Terrab, Abdelouafi Laftit, Moulay Hafid Elalamy, Nasser Bourita, Mohamed Benchaaboun, Aziz Rabbah, Mohammed Sadiki and Banque Centrale Populaire (represented by its president and President and CEO, Mohamed Karim Mounir).

OCP is owned by the State of Morocco and it has held the controlling interest in OCP in the preceding three years from the date of this Draft Red Herring Prospectus. There is no natural person holding 15% or more of the voting rights of OCP.

The shareholding pattern of OCP is as follows:

S.no.	Name of Shareholders	% of the total equity share capital
1.	State of Morocco	94.1
2.	Infra Maroc Capital*	2.98
3.	Prev Invest SA	1.10
4.	Société d'Aménagement et de Développement Vert	0.88

S.no.	Name of Shareholders	% of the total equity share capital
5.	SOCINVEST*	0.82
6.	Banque Centrale Populaire	0.10
Total		100

* These entities are owned by Banque Centrale Populaire

As on the date of this Draft Red Herring Prospectus, OCP does not hold any Equity Shares of our Company.

Our Company confirms that the fiscal ID, bank account number and the company registration number in relation to OCP will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

President of India, acting through the Ministry of Chemicals and Fertilizers, Government of India

One of our Promoter is the President of India, acting through the Ministry of Chemicals and Fertilizers, Government of India. As on the date of this Draft Red Herring Prospectus, GoI holds 112,489,000 Equity Shares (including Equity Shares held by GoI Nominees) constituting 19.55% of the pre-Offer paid-up Equity Share capital of our Company. After this Offer, GoI shall not hold any of the post-Offer paid-up equity share capital of our Company. While the GoI is one of the Promoters of our Company and will continue to be so until completion of the Offer; please note that the GoI is proposing to sell its entire shareholding in the Company through the Offer for Sale and it has represented that it will cease to be a Promoter of the Company on the listing of the Equity Shares pursuant to the Offer. Our Company will take suitable steps to declassify the GoI as a Promoter in accordance with the SEBI Listing Regulations, post listing of the Equity Shares pursuant to the Offer.

As our Promoter is the President of India, acting through the Ministry of Chemicals and Fertilizers, Government of India, disclosures on the Promoter Group (defined in regulation 2(1)(pp) of the SEBI ICDR Regulations) as specified in Schedule VI of the SEBI ICDR Regulations have not been provided.

Change in control of our Company

ZMPPL, ZACL and OCP are not the original promoters of our Company and first invested in the Company pursuant to the SPSSA and SHA, each dated February 28, 2002. For details of our original promoters, see “**History and Certain Corporate Matters – Major events and milestones in relation to our Company**” on page 203.

Interests of Promoters and Related Party Transactions

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; (ii) their nominee directors on the Board of Directors of our Company, if any; (iii) of their shareholding, if any; (iv) the dividends payable in relation to the Equity Shares held by them, if any; and (v) other distributions in respect of the Equity Shares held by them, if any. For details on shareholding of our Promoters in our Company, see “**Capital Structure – Notes to Capital Structure – History of the Equity Share Capital held by our Promoters**” on page 77. For further details of interest of our Promoters in our Company, see “**Financial Statements**” on page 24..

Except pursuant to the Business Transfer Agreement and as disclosed in “**Summary of the Offer Document - Summary of Related Party Transactions**” and “**Restated Consolidated Financial Information**” on pages 22 and 241, respectively, our Promoters have no interest in any property acquired by our Company during the three years preceding the date of this Draft Red Herring Prospectus, or proposed to be acquired, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery. For details of the Business Transfer Agreement, please see, “**History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years**” and “**Objects of the Offer - Details of the Objects**” on pages 204 and 80, respectively.

Our Promoters are not interested as members of a firm or company (other than our Company) and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by such Promoter(s) or by such firm or company in connection with the promotion or formation of our Company.

Except the Business Transfer Agreement and as disclosed in “**Summary of the Offer Document - Summary of Related Party Transactions**” and “**Restated Consolidated Financial Information**” on pages 22 and 241, respectively, our Company has not entered into any contract, agreements or arrangements during the two years

immediately preceding the date of this Draft Red Herring Prospectus and does not propose to enter into any such contract in which our Promoters are directly or indirectly interested and no payment has been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with. For details of the Business Transfer Agreement, please see, “**History and Certain Corporate Matters- Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years**” and “**Objects of the Offer- Details of the Objects**” on pages 204 and 80, respectively.

Except for Mangalore Chemical and Fertilizers Limited, our Promoters are not interested in any other entity which holds any intellectual property rights that are used by our Company. For details of these intellectual property rights, see “**Our Business- Intellectual Property**” on page 155.

Confirmations

In relation to the confirmations, as included below and elsewhere in this Draft Red Herring Prospectus, Promoters shall exclude GoI and collectively refer to ZMPPL, ZACL and OCP.

Neither our Promoters nor any of the entities with which they are associated as promoters have been identified as wilful defaulters as defined under the SEBI ICDR Regulations.

As on the date of this Draft Red Herring Prospectus, our Promoters and the members of our Promoter Group have not been prohibited from accessing or operating in capital markets or restrained or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Payment or Benefits to Promoters or Promoter Group

Except pursuant to the Business Transfer Agreement and as disclosed in “**Restated Consolidated Financial Information**” on page 241, there has been no payment or benefit to our Promoters or Promoter Group during the two years prior to the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit or consideration for payment of giving of the benefit to our Promoters or members of the Promoter Group as on the date of this Draft Red Herring Prospectus. For details of the Business Transfer Agreement, please see, “**History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years**” and “**Objects of the Offer- Details of the Objects**” on pages 204 and 80, respectively.

Disassociation by Promoters in the last three years

Except as stated below, none of our Promoters have disassociated themselves from any company or firm during the preceding three years from the date of this Draft Red Herring Prospectus.

Dissociation by ZACL:

Name of Company or Firm from which Promoter has Disassociated	Reasons for and Circumstances Leading to Disassociation	Date of Disassociation
MCA Phosphates Pte. Limited	Pursuant to an agreement dated March 27, 2020 and the order dated May 7, 2020 passed by the International Chamber of Commerce in the arbitration proceedings between ZACL and Mitsubishi Corporation, ZACL sold its stake in MCA Phosphates Pte. Limited to Mitsubishi Corporation	May 7, 2020

Material Guarantees

Our Promoters have not given any guarantee to any third party with respect to the Equity Shares as on the date of this Draft Red Herring Prospectus.

Promoter Group

In addition to our Promoters, the entities that form a part of the Promoter Group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations are set out below:

Entities forming part of the Promoter Group

The entities forming part of our Promoter Group are as follows:

S.no.	Name of entity
1.	Adventz Trading DMCC
2.	African Plant Nutrition Institute*
3.	Amendy (SARL)
4.	Association Mathématique du Maroc*
5.	Association pour la promotion de l'enseignement d'excellence*
6.	Atlas Cloud Services
7.	Belife
8.	Black Sea Fertilizer Trading Company
9.	Bluedove (SARL)
10.	BONIFFA SA
11.	CASPER GIE
12.	Centre d'Etudes et de Recherches Des Phosphates Minéraux
13.	Compagnie Marocaine de Transports et d'Affrètements Maritimes
14.	Dupont OCP Operations Consulting
15.	Emaphos
16.	Euro Maroc Phosphore
17.	Eurochem Réassurance SA
18.	Fertinagro Biotech
19.	Foncière Endowment I
20.	Fondation Ibn Rochd pour la Science et l'Innovation*
21.	Fondation OCP*
22.	Fondation Phosboucraa*
23.	Fondation Pour L'enseignement Des Sciences Economiques Politiques Et Sociales*
24.	Global Phosphorus Institute*
25.	Green Energy Park*
26.	Hydro Technologies Canada
27.	Hydrometal
28.	Indo Maroc Phospore
29.	INOVAG PROCESSING SA
30.	Institut de Promotion Socio-Educative*
31.	Jean Goldschmidt International
32.	JESA
33.	JESA BUILDING AND INFRASTRUCTURE
34.	Jesa East Africa
35.	JESA International
36.	JESA SENEGAL
37.	JESA TECHNOLOGIES LLC
38.	Jesa West Africa
39.	Jibly (SARL)
40.	Jorf Fertilizer Company I
41.	Jorf Fertilizer Company II
42.	Jorf Fertilizer Company III
43.	Jorf Fertilizer Company IV
44.	Jorf Fertilizer Company V
45.	LEET Initiative*
46.	Lycée d'Excellence de Benguerir
47.	Maghrib Hospitality Company
48.	Mangalore Chemicals and Fertilizers Limited
49.	MAScIR Valor (SA)
50.	Moroccan Foundation for Science, Innovation and Research*
51.	OCP Africa
52.	OCP Africa Fertilizers Nigeria Limited

S.no.	Name of entity
53.	OCP Argentina
54.	OCP Benin S.A.
55.	OCP Cameroun S.A.
56.	OCP Côte d'Ivoire S.A.
57.	OCP do Brazil
58.	OCP Ethiopia Fertilizers Manufacturing PLC
59.	OCP Fertilizantes
60.	OCP Fertinagro Advanced Solutions
61.	OCP Ghana Limited
62.	OCP Hospitality
63.	OCP Innovation Fund for Agriculture
64.	OCP International Cooperatieve U.A
65.	OCP International SAS
66.	OCP Kenya Limited
67.	OCP Maintenance Solutions
68.	OCP Maintenance Solutions – OMS (SA)
69.	OCP North America
70.	OCP Sénégal S.A.
71.	OCP Singapore Services and Products Pte Ltd
72.	OCP Solutions
73.	OCP Support Services Private Limited
74.	OCP Tanzania Limited
75.	OCP Zambia Limited
76.	Pakistan Maroc Phosphore
77.	Phosphates de Boucraa
78.	Policy Center for the New South*
79.	PRAYON
80.	Prayon Benelux
81.	Prayon Deutschland
82.	Prayon Iberica
83.	Prayon Immo
84.	Prayon Inc.
85.	Prayon Italia
86.	Prayon Pulead Company Limited
87.	Prayon UK
88.	Praytech Maroc
89.	Rabat School of Governance and Economy
90.	Rwanda Fertilizer Company
91.	SAFROLAT SA
92.	SAFTCO
93.	SGHM
94.	Silox
95.	Silox UK
96.	Siloxcan Can Inc.
97.	SLM
98.	Société d'Aménagement et de Développement de Mazagan
99.	Société d'Aménagement et de Développement Vert
100.	Société de Transports et d'Affrètements Réunis
101.	Société de Transports Régionaux
102.	Société Foncière De La Lagune
103.	Société Nouvelle des Couleurs Zinciques
104.	Teal Technology Services
105.	Techno-High-Technology
106.	Technopos
107.	Transpek Industry Ltd.
108.	Université Mohammed VI Polytechnique
109.	Université Mohammed VI Polytechnique Endowment Holding
110.	Université Mohammed VI Polytechnique Venture Capital
111.	Zuari Farmhub Limited
112.	Zuari Global Limited
113.	Zuari Yoma Agri Solutions Limited

*These entities are not-for-profit organisations, which do not have shareholding or equity, as per definition under the applicable law

OUR GROUP COMPANIES

As per the SEBI ICDR Regulations and the applicable accounting standards, for the purpose of identification of group companies, our Company has considered (i) the companies (other than Subsidiaries) with which there are related party transactions as disclosed in the Restated Consolidated Financial Information; and (ii) other companies considered material by our Board pursuant to the Materiality Policy.

As on the date of this Draft Red Herring Prospectus, we have 16 Group Companies, the details of which are set forth below.

1. Mangalore Chemical and Fertilizers Limited;
2. Texmaco Rail and Engineering Limited;
3. Zuari Global Limited;
4. Jorf Fertilizer Company IV*;
5. Jorf Fertilizer Company V*;
6. Adventz Finance Private Limited;
7. Indian Furniture Products Limited;
8. Indo Maroc Phosphore S.A. Morocco;
9. Lionel India Limited;
10. Pakistan Maroc Phosphore;
11. Phosphates De Boucraa SA;
12. Simon India Limited;
13. Zuari Infraworld India Limited;
14. Zuari Management Services Limited;
15. Zuari Farmhub Limited; and
16. Zuari Yoma Agri Solutions Limited

* Jorf Fertilizer Company IV and Jorf Fertilizer Company V have collectively been referred to as Jorf Fertilizer SA in the Restated Consolidated Financial Information. For details, please refer to "Financial Statements – Restated Consolidated Financial Information – Notes to Restated Consolidated Financial Information – Note 33 – Related party disclosures"

Details of top five Group Companies

Mangalore Chemicals and Fertilizers Limited ("Mangalore Chemicals")

Mangalore Chemicals was incorporated as a public limited company under the Companies Act, 1956 on July 18, 1996. The CIN of Mangalore Chemicals is L24123KA1966PLC002036. Mangalore Chemicals is currently engaged in the business of manufacture of fertilizers.

Financial Information –

The financial information derived from the audited standalone financial results of Mangalore Chemicals for Financial Years 2021, 2020 and 2019 are set forth below:

(₹ in million except per share data)

Particulars	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
Equity share capital	1,185.48	1,185.48	1,185.48
Reserves (excluding revaluation reserve)	4,887.14	4,270.34	3,766.13
Sales/turnover	21,440.20	27,108.40	30,736.40
Profit/(loss) after tax	670.98	645.53	328.79
Earnings/(loss) per share of face value ₹10 each (Basic)	5.66	5.45	2.77
Earnings/(loss) per share of face value ₹10 each (Diluted)	5.66	5.45	2.77
Net asset value	6,072.63	5,455.82	4,951.62

Significant notes of auditors

Except as mentioned below, there are no significant notes by the auditors in relation to the aforementioned financial statements.

In the financial statements for the Financial Year ended March 31, 2021, the following was reported:

Emphasis of matter: Note 22(h) of the financial statements, states that the company has recognized urea subsidy income of INR 2,914 lakhs considering that benchmarking of its cost of production of urea using Naphtha with that of gas based urea manufacturing units is arbitrary and for which the company has filed a writ petition against the Department of Fertilizers before the Hon'ble High court of Delhi. Based on legal opinion obtained, the management believes that the criteria for recognition of subsidy revenue is met. The opinion of the auditors was not modified in respect of this matter.

In the financial statements for the Financial Year ended March 31, 2020, the following was reported:

Emphasis of Matter: Note 42 of the financial statements describes the uncertainties and the impact of COVID-19 pandemic on the Company's operations and results as assessed by the management. Further, Note 8 of the financial statements pertained to Goods and Services Tax ('GST') input tax credit on input services recognized by the company, which the management is confident to recover based on a tax opinion obtained on this matter and reliance placed on an order of the High Court of Gujarat providing interim relief in a similar matter. The opinion of the auditors was not modified in respect of this matter.

In the financial statements for the Financial Year ended March 31, 2019, the following was reported:

Emphasis of Matter: Note 8(a) to the financial statements regarding Goods and Services Tax ('GST') input tax credit on input services recognized by the company, which the management is confident of refund based on a tax opinion obtained on this matter and reliance placed on an order dated September 18, 2018 of the High Court of Gujarat in respect of application of another company on this matter; and which would also be otherwise available for utilisation against output tax liability arising in future. The opinion of the auditors was not modified in respect of this matter.

Share price information

The following table sets forth details of the highest and lowest price of the equity shares of Mangalore Chemicals on BSE and NSE during the preceding six months:

Months	Monthly high		Monthly low	
	NSE	BSE	NSE	BSE
July 2021	93.00	92.95	78.30	78.50
June 2021	89.80	89.95	80.30	80.00
May 2021	101.00	101.00	77.00	76.95
April 2021	81.90	81.80	67.75	65.00
March 2021	92.40	92.40	64.40	64.95
February 2021	87.20	87.20	54.50	54.10

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

The highest and lowest price of the equity shares of Mangalore Chemicals during the preceding six months are ₹101.00 and ₹54.10 on the BSE and ₹101.00 and ₹54.50 on NSE, respectively.

Texmaco Rail and Engineering Limited ("Texmaco")

Texmaco was originally incorporated as Texmaco Machines Private Limited, a private limited company under the Companies Act, 1956 on June 25, 1998. Consequent to change of name of the company to Texmaco Machines Limited and subsequently to Texmaco Rail & Engineering Limited, fresh certificates of incorporation were granted by the Registrar of Companies, West Bengal on March 3, 2010 and April 23, 2010, respectively. The CIN of Texmaco is L29261WB1998PLC087404. Texmaco is currently engaged in the business of manufacturing of rolling stock, such as wagons, coaches, EMUs loco shells and parts, hydro mechanical equipment, steel castings, rail EPC, bridges and other steel structures.

Financial Information –

The financial information derived from the audited standalone financial results of Texmaco for Financial Years 2021, 2020 and 2019 are set forth below:

(₹ in million except per share data)

Particulars	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
Equity share capital	250.34	224.86	224.86
Reserves (excluding revaluation reserve)	11,146.29	10,054.24	11,177.69
Sales/turnover	16,887.38	18,318.00	18,581.64
Profit/(loss) after tax	118.66	(658.40)	752.80
Earnings/(loss) per share of face value ₹1 each (Basic)	0.52	(2.93)	3.42
Earnings/(loss) per share of face value ₹1 each (Diluted)	0.52	(2.93)	3.35
Net asset value	11,396.63	10,279.10	11,402.53

Significant notes of auditors

Except as mentioned below, there are no significant notes by the auditors in relation to the aforementioned financial statements.

In the financial statements for the Financial Year ended March 31, 2019, the following was reported:

The managerial remuneration paid or provided to the executive chairman of the company in excess of the prescribed limits mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013 for which the company has to take an approval from shareholders through a special resolution. Further, the applications made to The Ministry of Corporate Affairs for waiver of excess managerial remuneration paid to its executive directors for the financial years 2016, 2017 and 2018 stand abated as per the amended section 197 of the Companies Act, 2013 for which the company has to obtain the approval of shareholders in accordance with the provisions of the amended section within a period of one year from the date of the amendment.

Share price information

The following table sets forth details of the highest and lowest price of the equity shares of Texmaco on BSE and NSE during the preceding six months:

Months	Monthly high		Monthly low	
	NSE	BSE	NSE	BSE
July 2021	41.90	41.85	35.25	35.3
June 2021	39.50	39.5	31.55	31.5
May 2021	34.80	34.85	25.05	25.00
April 2021	27.85	27.85	24.10	24.05
March 2021	34.60	34.30	26.60	26.65
February 2021	32.00	32.00	28.15	28.05

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

The highest and lowest price of the equity shares of Texmaco during the preceding six months are ₹41.85 and ₹24.05 on the BSE and ₹41.90 and ₹24.10 on NSE, respectively.

Zuari Global Limited ("ZGL")

ZGL was incorporated as a public limited company on May 12, 1967 company under the Companies Act, 1956 with the Registrar of Companies, Goa. The name of the company was changed from Zuari Agro Chemicals Limited to Zuari Industries Limited with effect from February 12, 1998 and from Zuari Industries Limited to Zuari Global Limited with effect from June 26, 2012. The CIN of ZGL is L65921GA1967PLC000157. ZGL is authorised under its memorandum of association to engage in the business of developing real estate projects.

Financial Information –

The financial information derived from the audited standalone financial results of ZGL for Financial Years 2021, 2020 and 2019 are set forth below:

(₹ in million except per share data)

Particulars	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
Equity share capital	294.41	294.41	294.41
Reserves (excluding revaluation reserve)	21,686.78	12,814.52	18,109.36
Sales/turnover	135.48	571.65	24.77
Profit/(loss) after tax	499.34	129.24	402.77
Earnings/(loss) per share of face value ₹1 each (Basic)	16.96	4.39	13.68
Earnings/(loss) per share of face value ₹1 each (Diluted)	16.96	4.39	13.68
Net asset value	21,981.20	13,108.93	18,403.77

Significant notes of auditors

Except as mentioned below, there are no significant notes by the auditors in relation to the aforementioned financial statements.

In the financial statements for the Financial Year ended March 31, 2021 and March 31, 2020, the following was reported:

Emphasis of Matter: Note 47 of the standalone financial statements describes the uncertainties due to the outbreak of covid-19 pandemic and management's evaluation of the impact on the standalone financial statements of the company as at the balance sheet date. The impact of these uncertainties on the company's operations is significantly dependent on future developments. The opinion of the auditors was not modified in respect of this matter.

Share price information

The following table sets forth details of the highest and lowest price of the equity shares of ZGL on BSE and NSE during the preceding six months:

Months	Monthly high		Monthly low	
	NSE	BSE	NSE	BSE
July 2021	177.75	177.70	125.60	125.70
June 2021	136.90	136.95	71.00	88.40
May 2021	100.40	100.35	80.20	76.10
April 2021	86.80	87.50	75.00	76.10
March 2021	92.90	93.50	76.00	74.05
February 2021	99.90	99.95	76.05	83.00

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

The highest and lowest price of the equity shares of ZGL during the preceding six months are ₹177.70 and ₹74.05 on the BSE and ₹177.75 and ₹71.00 on NSE, respectively.

Jorf Fertilizer Company IV ("JFC IV")

JFC IV was incorporated as a limited liability company ("société anonyme") under the laws of Morocco on February 10, 2015. The trade register number of JFC IV is 319329. JFC IV is currently engaged in the business of manufacturing and marketing of fertilizers and other phosphate derivatives.

Financial Information

The financial information derived from the audited standalone financial results of JFC IV for financial years ended December 30, 2020, December 30, 2019 and December 30, 2018 are set forth below:

(in MAD in million except per share data)

Particulars	Financial year ended December 31, 2020	Financial year ended December 31, 2019	Financial year ended December 31, 2018
Equity share capital	1000	1000	1000
Reserves (excluding revaluation reserve)	2.77	2.77	2.77
Sales/turnover	3,257.16	2,290.96	1,020.67
Profit/(loss) after tax	(300.98)	(486.88)	(242.82)
Earnings/(loss) per share (Basic)	(30.10)	(48.69)	(24.28)
Earnings/(loss) per share (Diluted)	(30.10)	(48.69)	(24.28)
Net asset value	(41.44)	259.54	746.43

Significant notes of auditors

Except as mentioned below, there are no significant notes by the auditors in relation to the aforementioned financial statements.

For financial years ended December 31, 2020 and December 31, 2019, the auditors of the company without qualifying their opinion, observed in the respective reports that the losses of JFC IV resulted in a total equity equal to less than the quarter of the share capital for Fiscal 2019 and resulted in negative equity for Fiscal 2020. Financial statements for Fiscal 2019 and Fiscal 2020 were certified without any reservations.

Jorf Fertilizer Company V (“JFC V”)

JFC V was incorporated as a limited liability company (“société anonyme”) under the laws of Morocco on April 15, 2008. The name of the company was changed from Bunge Maroc Phosphore to Jorf Fertilizers Company V with effect from January 3, 2014. The trade register number of JFC V is 180903. JFC V is currently engaged in the business of manufacturing and marketing in Morocco and abroad of phosphoric acid, phosphate fertilizers and other derived products.

Financial Information

The financial information derived from the audited standalone financial results of JFC V for financial years ended December 30, 2020, December 30, 2019 and December 30, 2018 are set forth below:

(in MAD in million except per share data)

Particulars	Financial year ended December 31, 2020	Financial year ended December 31, 2019	Financial year ended December 31, 2018
Equity share capital	1,302	1,302	1,302
Reserves (excluding revaluation reserve)	72.50	52.51	33.19
Sales/turnover	3,240.71	2,439.42	3,979.17
Profit/(loss) after tax	455.01	399.82	386.36
Earnings/(loss) per share (Basic)	349.46	307.07	296.74
Earnings/(loss) per share (Diluted)	349.46	307.07	296.74
Net asset value	3,308.72	3,233.54	3,200.76

Significant notes of auditors

There are no significant notes by the auditors in relation to the aforementioned financial statements.

Details of other Group Companies

Indian Furniture Products Limited (“Indian Furniture”)

Indian Furniture was incorporated as a public limited company under Companies Act, 1956 on December 6, 2000. The CIN of Indian Furniture is U72200TN2000PLC089255. Indian Furniture is currently engaged in the business of sale and manufacturing of furniture.

Indo Maroc Phosphore S.A. Morocco (“IMPISM”)

IMPISM was incorporated as a limited liability company (“société anonyme”) under the laws of Morocco on November 20, 1997. The trade register number of IMPISM is 90425. It is currently engaged in the business of production and marketing of phosphoric acid.

Lionel India Limited (“Lionel India”)

Lionel India was originally incorporated as Rosenbluth Lionel India Limited, a public limited company under the Companies Act, 1956 on April 3, 1997. Consequent to change of name of the company to Lionel India Limited, a fresh certificate of incorporation was granted by the Registrar of Companies, West Bengal, on December 17, 2004. The CIN of Lionel India is U52110WB1997PLC083860. Lionel India is currently engaged in the business of travel related services.

Pakistan Maroc Phosphore (“PMP”)

PMP was incorporated as a limited liability company (“société anonyme”) under the laws of Morocco on September 9, 2004. The trade register number of PMP is 133957. PMP is currently engaged in the business of manufacturing and marketing of phosphoric acid.

Phosphates De Boucraa SA (“Phosphates SA”)

Phosphates SA was incorporated as a limited liability company (“société anonyme”) under the laws of Morocco on July 4, 1962. The trade register number of PB is 39933. PB is currently engaged in the business of processing, transportation and marketing of Boucra phosphates.

Simon India Limited (“Simon India”)

Simon India was originally incorporated as a private limited company under the Companies Act, 1956 on July 24, 1995. Consequent to its conversion to a public limited company, a fresh certificate of incorporation was granted by the Registrar of Companies, New Delhi, on July 15, 1996. The CIN of Simon India is U74899DL1995PLC071074. Simon India is currently engaged in the business of engineering, procurement and construction.

Zuari Farmhub Limited (“ZFL”)

ZFL was incorporated as a public limited company on November 11, 2019 under Companies Act, 2013. The CIN of ZFL is U52202GA2019PLC014150. ZFL is currently engaged in the business of manufacturing and trading of fertilizers, plant nutrients and pesticides.

Zuari Infraworld India Limited (“Zuari Infraworld”)

Zuari Infraworld was originally incorporated as Adventz Infraworld India Limited, a private limited company under the Companies Act, 1956 on June 18, 2007. Consequent to its conversion to a public limited company and subsequent change of name of the company to Zuari Infraworld India Limited, fresh certificates of incorporation were granted by the Registrar of Companies, Karnataka, on January 29, 2010 and May 28, 2013, respectively. The CIN of Zuari Infraworld is U45309KA2007PLC043161. Zuari Infraworld is currently engaged in the business of construction and development.

Zuari Management Services Limited (“ZMSL”)

ZMSL was originally incorporated as Zuari Sez Limited, a public limited company under the Companies Act, 1956 on December 6, 2006. Consequent to change of name of the company to Zuari Infrastructure and Developers Limited and subsequently to Zuari Management Services Limited, fresh certificates of incorporation were granted by the Registrar of Companies, Goa on February 27, 2008 and January 17, 2011, respectively. The CIN of ZMSL is U74900GA2006PLC004921. ZMSL is currently engaged in the business of rendering management services and consulting services.

Zuari Yoma Agri Solutions Limited (“Zuari Yoma”)

For details in relation to the corporate information, see “**History and Certain Corporate Matters - Joint Venture**” on page 205.

Sick Industrial Company, Winding up/Insolvency proceedings

Our Group Companies have not been declared sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, and have not been referred to the Board of Industrial and Financial Reconstruction or the National Company Law Tribunal, and are not under winding up or the corporate insolvency resolution process in terms of the Insolvency and Bankruptcy Code, 2016.

Public or rights issue in the preceding three years

None of our Group Companies have made any public or rights issue (as defined under the SEBI ICDR Regulations) in the preceding three years.

Loss making Group Companies

Except ZMSL ZFL, Zuari Yoma, JFC IV, PB, Indian Furniture, Lionel India and Simon India none of our Group Companies have incurred losses in the immediately preceding audited financial year.

Name of Group Company	Details of profit/(loss) after tax (in ₹ million unless otherwise specified)					
	FY 2019		FY 2020		FY 2021	
ZMSL		(39.16)		(39.01)		(52.61)
ZFL		N.A.		(5.65)		(218.26)
Indian Furniture		(200.55)		(95.15)		(104.26)
Simon India		(70.05)		(134.99)		(360.16)
Lionel India		2.66		10.65		(16.76)
Zuari Yoma		-		(140.81)*		(40.15)*
	Financial ended 31, 2018	year ended December	Financial ended 31, 2019	year ended December	Financial ended 31, 2020	year ended December
JFC IV		(242.82)^		(486.88)^		(300.98)^
Phosphates SA		127.51^		(728.55)^		(840.94)^

* Million in Myanmar Kyat

^ Million in Moroccan Dirham

Defunct Group Companies

During the five years immediately preceding the date of this Draft Red Herring Prospectus, none of our Group Companies has remained defunct and no application has been made to the relevant registrar of companies for striking off the name of any of our Group Companies.

Common pursuits

Except for Mangalore Chemicals, ZFL, JFC IV and JFC V, there are no common pursuits with any of our Group Companies. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For details, please see “**Risk Factors - Some of our Promoters are involved in ventures that may operate in similar lines of business as our Company and certain of our Directors are also on the board of directors of, or have interests in, such ventures which are in the same line of business as our Company. In the event of a conflict of interest, our Promoters and our Directors may favour the interests of such venture over our interests**”

Related business transactions with our Group Companies and significance on the financial performance of our Company

Other than the transactions disclosed in “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” and “**Financial Statements – Restated Consolidated Financial Information – Notes to Restated Consolidated Financial Information – Note 33 – Related party disclosures**” on pages 384 and 277, respectively, there are no other related business transactions between the Group Companies and our Company.

Business interests or other interests

Except as disclosed in “**Financial Statements – Restated Consolidated Financial Information – Notes to Restated Consolidated Financial Information – Note 33 – Related party disclosures**” on page 277, our Group Companies do not have any business interest in our Company.

Promotion of our Company

None of our Group Companies are interested in the promotion of our Company.

Interest in acquisition of property

Our Group Companies are not interested in any property acquired by our Company in the preceding three years or proposed to be acquired by it, or in any transaction in acquisition of land, construction of building and supply of machinery, etc.

Other confirmation

None of our Group Companies have failed to meet the listing requirements or have failed to list on any recognised stock exchange in India or abroad.

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with any of our Group Companies.

Litigation involving our Group Companies

There is no litigation involving our Group Companies which may have a material impact on our Company.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of our Articles of Association and the Companies Act, 2013. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition of our Company. The dividend distribution policy of our Company was approved and adopted by our Board on August 10, 2021 (“**Dividend Policy**”). In terms of the Dividend Policy, the dividend, if any, will depend on a number of internal and external factors, which, amongst others, include, (i) profits earned during the financial year; (ii) retained earnings; (iii) future expansion plans of our Company; (iv) changes in government policies, including the prevailing taxation policy; (vi) cost and availability of alternative sources of financing and (vii) changes in the prevailing industry outlook.

Retained earnings may be utilized by our Company for, amongst other, making investments for future expansion and modernization plans, for the purpose of repayment of debt or for any other specific purpose, as approved by the Board. Our Company may also, from time to time, pay interim dividends.

The dividends paid by our Company on the Equity Shares during the current and the last three Fiscal Years are set forth below:

	From March 31, 2021, till the date of the DRHP	Fiscal 2021	Fiscal 2020	Fiscal 2019
Number of equity shares issued	-	-	5,754,500	5,754,500
Face value per Equity Share (in ₹)	-	-	1,000	1,000
Dividend rate (%)	-	-	10	10
Dividend per Equity Share (in ₹)	-	-	100	100
Total dividend (in ₹ million)	-	-	575.45	575.45
Dividend distribution tax (in ₹ million)	-	-	118.285	118.285
Dividend distribution tax (in %)	-	-	20.56	20.56

The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. See “**Risk Factors – Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements**” on page 42. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

SECTION V – FINANCIAL INFORMATION

RESTATED CONSOLIDATED FINANCIAL INFORMATION

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors

Paradeep Phosphates Limited ("Company")

5th Floor, Odisha State Handloom Weavers' Co-operative Building

Pandit J.N Marg

Bhubaneswar

Odisha – 751001

India

Dear Sirs,

- 1) We have examined, the attached Restated Consolidated Financial Information of Paradeep Phosphates Limited (the "Company" or the "Holding Company" or the "Issuer") and its associate, comprising the Restated Consolidated Statement of Assets and Liabilities as at 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, and the summary statement of significant accounting policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 10 August 2021 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:
 - (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
 - (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
- 2) The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India ("SEBI"), the stock exchanges where the equity shares of the Company are proposed to be listed ("Stock Exchanges") and the Registrar of Companies, Cuttack ("RoC"), in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 1 of Annexure V to the Restated Consolidated Financial Information.

The respective Board of Directors of the Company and its associate are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors of the Company and its associate are also responsible for identifying and ensuring that the Company complies with the Act, the ICDR Regulations and the Guidance Note.

- 3) We have examined such Restated Consolidated Financial Information taking into consideration:
 - (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 26 July 2021, in connection with the proposed IPO of equity shares of the Company;
 - (b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - (c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
 - (d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO of equity shares of the Company.
- 4) These Restated Consolidated Financial Information have been compiled by the management from the audited consolidated financial statements of the Company and its associate as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, prepared in accordance with the Indian Accounting Standards (“Ind AS”) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules 2016 and other relevant provisions of the Act (“Ind AS”), which was approved by the Board of Directors at their meetings held on 24 May 2021, 18 June 2020 and 10 May 2019 respectively.
- 5) For the purpose of our examination, we have relied on:

Auditors’ reports issued by us dated 24 May 2021, 18 June 2020 and 10 May 2019 on the consolidated financial statements of the Company and its associate for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 respectively as referred in Paragraph 4 above;
- 6) The audit report on the consolidated financial statements of the Company and its associate as at and for the year ended 31 March 2020 issued by us contained the following Emphasis of Matter paragraph:

As at and for the year ended 31 March 2020

We draw attention Note No. 50 of the accompanying financial statements pertaining to receivables as at 31 March 2020, which includes an amount of Rs. 3,693.74 million outstanding from Zuari Agro Chemicals Limited (“ZACL”). The Company’s management has discussed a plan for settlement of its dues with ZACL and considers the amount to be recoverable. Our opinion is not modified in respect of this matter.

- 7) As indicated in our report referred above, we did not audit the financial statements of an associate, Zuari Yoma Agri Solutions Limited, Myanmar, for the year ended 31 March 2019 whose share of loss of Rs. 0.90 million is included in the consolidated financial statements, which has been audited by other auditor, Excellent Choice Professional and whose report has been furnished to us by the 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 this component, is based solely on the report of the other auditor.
- 8) As indicated in the reports referred above, we did not audit the financial information of the associate mentioned in paragraph 7 above, whose share of net loss included in the consolidated financial statements, for the relevant years is tabulated below, which have not been audited by us/other auditors, and which has been furnished to us by the 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 this component, is based solely on the unaudited financial information furnished by management.

Particulars	For the year ended (Rs. in million)	
	31 March 2021	31 March 2020
Share of net loss	2.35	4.43

In our opinion and according to the information and explanations given to us by the Management, this unaudited financial information is not material to the Company.

Our opinion is not modified in respect of this matter.

- 9) Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:
- have been prepared after incorporating adjustments for the change in accounting policies and regrouping / reclassifications retrospectively in the financial years ended 31 March 2020 and 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the financial year ended 31 March 2021;
 - does not contain any qualifications requiring adjustments. However, those qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Consolidated Financial Information have been disclosed in Annexure VII to the Restated Consolidated Financial Information; and
 - have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.
- 10) The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.
- 11) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

- 12) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 13) Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with SEBI, Stock exchanges and RoC in connection with the proposed IPO. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. 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 **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No: 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No.: 055757

Place: Kolkata

Date: 10 August 2021

UDIN: 21055757AAAAD9832

PARADEEP PHOSPHATES LIMITED
Annexure I
Restated Consolidated Statement of Assets and Liabilities
(All amounts are in rupees million, unless otherwise stated)

	Notes to Annexure VI	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	4(a)	12,251.04	12,126.75	10,233.82
(b) Capital work-in-progress	4(b)	2,200.60	1,490.44	2,548.14
(c) Intangible assets	4(c)	11.05	13.58	9.55
(d) Equity accounted investment	5(a)	27.86	31.23	-
(e) Other income tax assets		124.70	215.06	212.18
(f) Other non-current assets	6	232.14	174.06	119.13
Total non-current assets		14,847.39	14,051.12	13,122.82
II. Current assets				
(a) Inventories	7	8,990.53	10,785.38	14,218.22
(b) Financial assets				
(i) Investments	5(b)	1,220.40	-	-
(ii) Trade receivables	8	11,555.94	21,489.01	23,421.46
(iii) Cash and cash equivalents	9(a)	915.25	40.86	187.40
(iv) Bank balances other than (iii) above	9(b)	16.73	17.32	13.75
(v) Other financial assets	10	1,959.19	1,436.52	1,264.09
(c) Other current assets	6	4,723.81	2,280.58	4,046.45
(d) Assets classified as held for sale	11	2.43	2.46	2.39
Total current assets		29,384.28	36,052.13	43,153.76
Total assets (I+II)		44,231.67	50,103.25	56,276.58
EQUITY AND LIABILITIES				
I. Equity				
(a) Equity share capital	12	5,754.50	5,754.50	5,754.50
(b) Other equity	13	12,520.60	10,280.84	9,072.63
Total equity		18,275.10	16,035.34	14,827.13
II. Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	14(a)	1,134.11	1,394.22	2,188.80
(ii) Other financial liabilities	15	1.01	1.51	9.31
(b) Provisions	16	197.50	270.72	193.96
(c) Deferred tax liabilities (net)	17	930.14	218.68	264.15
Total non-current liabilities		2,262.76	1,885.13	2,656.22
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	14(b)	10,616.71	20,790.71	28,348.89
(ii) Trade payables	18			
- Total outstanding dues of micro enterprises and small enterprises		62.56	17.21	5.35
- Total outstanding dues of creditors other than micro enterprises and small enterprises		9,332.76	8,044.23	7,074.04
(iii) Other financial liabilities	15	1,585.46	1,403.76	1,774.77
(b) Other current liabilities	19	1,263.90	1,031.94	879.39
(c) Provisions	16	830.15	756.48	675.89
(d) Current tax liabilities		2.27	138.45	34.90
Total current liabilities		23,693.81	32,182.78	38,793.23
Total liabilities		25,956.57	34,067.91	41,449.45
Total equity and liabilities (I+II)		44,231.67	50,103.25	56,276.58

Note: The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our examination report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of

Paradeep Phosphates Limited

CIN: U24129OR1981PLC001020

Jayanta Mukhopadhyay

Partner

Membership No: 055757

Place: Kolkata

Date: 10 August 2021

N. Suresh Krishnan

Managing Director

DIN: 00021965

Place: Gurugram

Date: 10 August 2021

S.K. Poddar

Chairman

DIN: 00008654

Place: New Delhi

Date: 10 August 2021

Sachin Patil

Company Secretary

Place: Bengaluru

Date: 10 August 2021

PARADEEP PHOSPHATES LIMITED
Annexure II
Restated Consolidated Statements of Profit and Loss
(All amounts are in rupees million, unless otherwise stated)

	Notes to Annexure VI	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Income				
I. Revenue from operations	20	51,647.34	41,928.65	43,579.12
II. Other income	21	192.07	349.11	393.01
III. Total income (I+II)		51,839.41	42,277.76	43,972.13
IV. Expenses				
Cost of raw materials consumed	22	22,651.25	22,101.41	28,476.38
Purchase of traded goods		13,802.01	4,754.08	8,391.09
Changes in inventories of finished goods, stock-in-trade and work in progress	23	2,258.34	2,585.73	(5,624.49)
Employee benefits expense	24	1,391.90	1,319.28	1,305.78
Finance costs	25	1,114.25	1,917.91	1,592.53
Depreciation and amortisation expense	26	833.28	724.76	700.98
Other expenses	27	6,121.40	6,570.69	6,614.99
Total expenses (IV)		48,172.43	39,973.86	41,457.26
V. Profit before share of equity accounted investee and tax (III-IV)		3,666.98	2,303.90	2,514.87
VI. Share of net loss of associate accounted for using the equity method (net of tax)		(1.95)	(8.28)	(0.90)
VII. Profit before tax (V-VI)		3,665.03	2,295.62	2,513.97
VIII. Tax expense				
- Current tax	17	726.80	408.42	552.86
- Income tax expenses/(credit) for the earlier years (net)	17	(1.34)	(17.84)	16.10
- Deferred tax charge/(credit)	17	706.89	(27.16)	355.38
Total tax expense		1,432.35	363.42	924.34
IX. Profit for the year (VII-VIII)		2,232.68	1,932.20	1,589.63
X. Other comprehensive income / (loss)				
A Items that will be reclassified to profit or loss				
a) Exchange differences on translation of foreign operations		(1.42)	3.85	-
B. Items that will not be reclassified to profit or loss				
a) Remeasurement gain/(loss) of the defined benefit plans		13.07	(52.41)	(35.55)
b) Income tax on above	17	(4.57)	18.31	12.42
Total other comprehensive income/(loss) for the year		7.08	(30.25)	(23.13)
XI. Total comprehensive income for the year (IX + X)		2,239.76	1,901.95	1,566.50
Profit for the year attributable to:				
Owners of the Company		2,232.68	1,932.20	1,589.63
Other comprehensive income attributable to:				
Owners of the Company		7.08	(30.25)	(23.13)
Total comprehensive income attributable to:				
Owners of the Company		2,239.76	1,901.95	1,566.50
XII. Earnings per equity share (nominal value of Rs. 10 each)				
Basic [in Rs.]	28	3.88	3.36	2.76
Diluted [in Rs.]	28	3.88	3.36	2.76

Note: The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our examination report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of
Paradeep Phosphates Limited
CIN: U24129OR1981PLC001020

Jayanta Mukhopadhyay
Partner
Membership No: 055757

Place: Kolkata
Date: 10 August 2021

N. Suresh Krishnan
Managing Director
DIN: 00021965

Place: Gurugram
Date: 10 August 2021

S.K. Poddar
Chairman
DIN: 00008654

Place: New Delhi
Date: 10 August 2021

Sachin Patil
Company Secretary

Place: Bengaluru
Date: 10 August 2021

PARADEEP PHOSPHATES LIMITED
Annexure III
Restated Consolidated Statement of Cash Flows
(All amounts are in rupees million, unless otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flows from operating activities			
Profit before tax	3,665.03	2,295.62	2,513.97
Adjustments for			
Depreciation and amortisation expense	833.28	724.76	700.98
Finance costs	1,015.83	1,826.47	1,512.27
Interest income	(5.59)	(90.28)	(325.27)
Profit on sale of current investments	(2.34)	-	(4.80)
Gain on fair valuation of investments measured at fair value through profit or loss	(0.40)	-	-
Loss on sale / discard of property, plant and equipment (net)	68.99	81.50	104.85
Loss allowance	76.49	74.05	107.96
Bad debts, claims and advances written off	-	1.01	2.18
Unspent liabilities/provision no longer required written back	(35.99)	(34.72)	(31.84)
Foreign exchange fluctuation loss/gain unrealized (net)	240.02	319.20	(368.62)
Share of loss from associate	1.95	8.28	-
Operating cash flow before working capital changes	5,857.27	5,205.89	4,211.68
Changes in working capital			
(Increase)/decrease in inventories	1,794.85	3,432.84	(7,621.21)
(Increase)/decrease in trade receivables, loans and advances and other current assets	9,856.58	1,857.39	(4,376.90)
(Increase)/decrease in financial and other assets	(3,308.32)	2,011.85	(2,767.25)
Increase in trade payables and other current liabilities	1,568.85	374.37	1,602.97
Increase in provisions	13.52	104.95	110.47
Cash generated from/(used in) operating activities	15,782.75	12,987.29	(8,840.24)
Less: Income taxes paid (net of refunds)	(771.27)	(289.93)	(364.24)
Net cash generated from/(used in) operating activities (A)	15,011.48	12,697.36	(9,204.48)
B. Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	1.10	0.94	0.64
Acquisition of property, plant and equipment, including capital work in progress, capital advances and capital creditors	(1,688.33)	(1,390.48)	(1,262.43)
Investments in associate	-	(35.66)	-
Investments in current investments - mutual funds	(7,600.40)	-	-
Proceeds from sale of current investments - mutual funds	6,382.74	-	4.80
Interest received	5.85	14.45	178.85
Proceeds from/(investment in) deposits with maturity of more than three months	5.79	(20.88)	46.36
Net cash used in investing activities (B)	(2,893.25)	(1,431.63)	(1,031.78)
C. Cash flows from financing activities			
Proceeds from non-current borrowings	687.88	-	-
Repayment of non-current borrowings	(987.88)	(692.29)	(590.15)
Proceeds from current borrowings	62,720.08	84,779.21	53,505.08
Repayment of current borrowings	(72,482.56)	(92,717.83)	(40,387.26)
Dividend paid	-	(693.74)	(693.74)
Interest paid	(1,181.36)	(2,087.62)	(1,649.44)
Net cash generated from/(used in) financing activities (C)	(11,243.84)	(11,412.27)	10,184.49
Net increase/(decrease) in cash and cash equivalents (A+B+C)	874.39	(146.54)	(51.77)
Cash and cash equivalents at the beginning of the year	40.86	187.40	239.17
Cash and cash equivalents at the end of the year (refer Note 9(a))	915.25	40.86	187.40

Note:

- (a) The above Restated Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 'Statement of Cash Flows'.
(b) Also refer Note 38 for reconciliation of liabilities from financing activities.

Note: The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our examination report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of

Paradeep Phosphates Limited

CIN: U24129OR1981PLC001020

Jayanta Mukhopadhyay

Partner

Membership No: 055757

Place: Kolkata

Date: 10 August 2021

N. Suresh Krishnan

Managing Director

DIN: 00021965

Place: Gurugram

Date: 10 August 2021

S.K. Poddar

Chairman

DIN: 00008654

Place: New Delhi

Date: 10 August 2021

Sachin Patil

Company Secretary

Place: Bengaluru

Date: 10 August 2021

PARADEEP PHOSPHATES LIMITED
Annexure IV
Restated Consolidated Statement of Changes in Equity
(All amounts are in rupees million, unless otherwise stated)

(a) Equity share capital

	As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at the beginning and at the end of the year	5,754,500	5,754.50	5,754,500	5,754.50	5,754,500	5,754.50

(b) Other equity

Particulars	As at 31 March 2021			As at 31 March 2020		
	Foreign Currency Translation Reserve	Retained earnings	Total other equity	Foreign Currency Translation Reserve	Retained earnings	Total other equity
Balance at the beginning of the year	3.85	10,276.99	10,280.84	-	9,072.63	9,072.63
Profit for the year	-	2,232.68	2,232.68	-	1,932.20	1,932.20
Other comprehensive income for the year*	(1.42)	8.50	7.08	3.85	(34.10)	(30.25)
Total comprehensive income for the year	(1.42)	2,241.18	2,239.76	3.85	1,898.10	1,901.95
Less: Dividend including dividend distribution tax	-	-	-	-	693.74	693.74
Balance at the end of the reporting year	2.43	12,518.17	12,520.60	3.85	10,276.99	10,280.84

Particulars	As at 31 March 2019	
	Retained earnings	Total other equity
Balance at the beginning of the year	8,199.87	8,199.87
Profit for the year	1,589.63	1,589.63
Other comprehensive income for the year*	(23.13)	(23.13)
Total comprehensive income for the year	1,566.50	1,566.50
Less: Dividend including dividend distribution tax	693.74	693.74
Balance at the end of the reporting year	9,072.63	9,072.63

* Other comprehensive income included under retained earnings represents remeasurement of defined benefit plans (net of tax).

Note: The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our examination report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of
Paradeep Phosphates Limited
CIN: U24129OR1981PLC001020

Jayanta Mukhopadhyay
Partner
Membership No: 055757

Place: Kolkata
Date: 10 August 2021

N. Suresh Krishnan
Managing Director
DIN: 00021965

Place: Gurugram
Date: 10 August 2021

S.K. Poddar
Chairman
DIN: 00008654

Place: New Delhi
Date: 10 August 2021

Sachin Patil
Company Secretary

Place: Bengaluru
Date: 10 August 2021

PARADEEP PHOSPHATES LIMITED
Annexure V - Notes to the Restated Consolidated Financial Information

Corporate and General Information

Paradeep Phosphates Limited ('the Company') is a public company domiciled and headquartered in Bhubaneswar, India. Zuari Agro Chemicals Limited (ZACL) holds 40.23% of equity shares of Paradeep Phosphates Limited ('the Company') through its joint venture Zuari Maroc Phosphates Private Limited (ZMPPL) and is its largest shareholder alongwith OCP S.A.. PPL and ZACL have certain directors in common. It is incorporated under the Companies Act, 1956. The Company is primarily engaged in the manufacture of Di-Ammonium Phosphate (DAP), Complex Fertilizers of NPK grades, and Zymite (Gypsum based product) having its manufacturing facility at the port town of Paradeep, District Jagatsinghpur, Odisha. The Company is also involved in trading of fertilizers, ammonia, neutralized phospo gypsum, micronutrient and other materials. The Company caters to the demands of farmers all over the country through its "Navratna" brand of fertilizers. The Company has one associate incorporated in Myanmar under the name of Zuari Yoma Agri Solutions Limited.

1. Basis of preparation

(a) The Restated Consolidated Statement of Assets and Liabilities of the Company as at 31 March 2021, 31 March 2020 and 31 March 2019 and the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash flows for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, together with Annexure V to VII and Restated Other Consolidated Financial Information (together referred to as 'Restated Consolidated Financial Information') have been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time.

(b) The Restated Consolidated Financial Information has been prepared for inclusion in the Draft Red Hearing Prospectus ("DRHP") to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:

- i) Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended ("the Act"),
- ii) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI') as amended in pursuance of the Securities and Exchange Board of India Act, 1992; and
- iii) Guidance Note on Report in Company Prospectus (Revised 2019) issued by Institute of Chartered Accountants of India (referred to as 'the Guidance note').

(c) The Restated Consolidated Financial Information has been extracted by the Management from the Audited Consolidated Financial Statements for respective years/periods and

- there were no material restatement/adjustments on these Restated Consolidated Financial Information (refer Annexure VII).
- there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited Consolidated Financial Statements of the Company as at and for the year ended 31 March 2021 and the requirements of the SEBI Regulations.

(d) These Restated Consolidated Financial Information are presented in Indian Rupees ("Rs."), which is also the Company's functional and presentation currency. All amounts have been rounded off to the nearest millions, unless otherwise indicated.

(e) The Restated Consolidated Financial Information have been presented on historical cost convention on the accrual basis except for the following:

- Certain financial assets and liabilities, which are measured at fair value.
- Net defined benefit (asset)/liability, which are measured at present value of defined benefit obligations less fair value of plan assets.

2. Basis of consolidation

The Restated Consolidated Financial Information incorporate the Financial Statements of the Company and its associate. Restated Consolidated Financial Information are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company.

Investment in associate is accounted for using equity method of accounting, after initially being recognized at cost. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss and the Company's share of other comprehensive income of the investee in other comprehensive income. When the Company's share of losses in an equity accounted investment equals or exceeds its interest in the entity, the Company does not recognize further losses, unless it has incurred obligations on behalf of the other entity.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity accounted investments are tested for impairment.

The details of associate included in these consolidated financial statements are as under:

Name of associate	Ownership interest	Country of Incorporation
Zuari Yoma Agri Solutions Limited	50%	Myanmar

3A. Significant accounting policies

(i) Classification of assets and liabilities into current/non-current

Assets and Liabilities in the balance sheet have been classified as either current or non-current.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

(i) Classification of assets and liabilities into current/non-current (continued)

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

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

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

(ii) Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes, borrowing costs, if recognition criteria are met, and any directly attributable cost incurred to bring the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Replaced assets held for disposal are stated at lower of their carrying amount and fair value less costs to sell, and depreciation on such assets ceases and shown under "Assets held for sale".

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

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

Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Other indirect expenditure incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the statement of profit and loss. Income earned during construction period, if any, is deducted from the total of the indirect expenditure.

(iii) Depreciation on property, plant and equipment

a. Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the Management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following useful life to provide depreciation on its property, plant and equipment based on technical evaluation done.

Class of Assets	Useful Lives estimated by the management (Years)
Buildings	30/60
Roads and culverts	3 to 5
Plants and equipments (Continuous process plant)	25
Plant and equipments (Non continuous process)*	5 to 20
Furniture, Fixtures & fittings*	2 to 10
Vehicles	8
Office equipments	3 to 6
Railway siding	15

* Useful lives are different to the lives prescribed under Schedule II to the Companies Act, 2013.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. These are estimated by the management supported by independent assessment by professionals.

b. Premium on land held on leasehold basis considered as Right of Use Asset is amortized over the period of lease.

c. The classification of plant and machinery into continuous and non-continuous process is done as per technical certification by the management and depreciation thereon is provided accordingly.

d. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(iv) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least once at the end of each reporting period. If the expected useful life of the asset is different from previous estimates, the amortization period is changed accordingly. If there has been a change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

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

The following are the acquired intangible assets:

Software:

The management of the Company assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

(v) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset (except inventories and deferred tax assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Leases

At inception of the contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

-The contract involves use of an identified asset, whether specified explicitly or implicitly;

-The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

-The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

Accounting as a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. The estimates of useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortised cost. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company has elected not to recognize right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on straight line basis over the lease term.

(vii) Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (Rs.), which is Company's functional and presentation currency.

(vii) Foreign currency transactions (continued)

(b) Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction.

(c) Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial recognition.

(d) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

(e) Foreign operations

The assets and liabilities of foreign operations, are translated into INR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of transactions.

Foreign currency differences are recognised in OCI and accumulated in foreign currency translation reserve (FCTR).

When a foreign operation is disposed of in its entirety or partially, the relevant proportion of the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(viii) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss.

(ix) Fair value measurement

The Company measures financial instruments, such as, derivatives, at fair value at each balance sheet date.

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

PARADEEP PHOSPHATES LIMITED
Annexure V - Notes to the Restated Consolidated Financial Information

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

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

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

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

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

(x) Financial instruments

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

Financial Assets

Initial recognition and measurement:

All financial assets except trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Trade receivables are measured at transaction price in accordance with Ind AS 115.

Subsequent measurement:

Financial assets being debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit and loss (FVTPL).

Debt instruments at amortised cost:

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI:

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL:

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

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

Impairment of Financial Assets:

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Financial Liabilities

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent Measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition:

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

Offsetting financial instruments

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

(xi) Cash and cash equivalents

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

(xii) Inventories

i. Inventories are valued at the lower of cost and net realizable value.

ii. The cost is determined as follows:

- (a) Raw Materials, Stores, Spare Parts, Chemical, Fuel Oil and Packing Materials: Weighted average method
- (b) Intermediaries: Material cost on weighted average method and appropriate manufacturing overheads based on normal operating capacity
- (c) Finished goods (manufactured): Material cost on weighted average method and appropriate manufacturing overheads based on normal operating capacity including Excise Duty
- (d) Traded goods: Weighted average method

iii. By-products such as treated gypsum are measured at net realizable value, adjusted against the cost of main product.

iv. Net realizable value is the estimated selling price including applicable subsidy in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

v. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

(xiii) Borrowing cost

Borrowing costs include interest and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(xiv) Revenue Recognition

The Company earns revenue primarily from sale of fertilizers. The following specific criteria must also be met before revenue is recognised:

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Sale of goods

At contract inception, Company assess the goods promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue is recognised upon transfer of control of promised products to customers in an amount of the transaction price that is allocated to that performance obligation and that reflects the consideration which the Company expects to receive in exchange for those products.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods to a customer net of returns, excluding amounts collected on behalf of third parties (for example, taxes) and excluding discounts and incentives, as specified in the contract with customer.

With respect to sale of products revenue is recognised at a point in time when the performance obligation is satisfied and the customer obtains the control of goods which is usually dispatch/delivery of goods, based on contracts with customers. There is no significant financing components involved on contract with customers. Invoices are usually payable within the credit period as agreed with respective customers.

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

Subsidy income

Subsidy for DAP, Muriate of Potash (MOP) and Complex Fertilizers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy and other guidelines issued from time to time, where there is reasonable assurance of complying with the conditions of the policy.

Subsidy on freight charges for DAP, MOP and Complex Fertilizers is recognized based on rates notified by the Government of India with the known policy parameters in this regard and included in subsidy.

Interest Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable EIR. Claims receivable on account of interest from dealers on delayed payments are accounted for to the extent the Company is reasonably certain of their ultimate collection.

Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established.

Insurance claims

Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

(xv) Government grants and subsidies

Grants and subsidies [other than subsidy income considered in point (xiv) above] from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Where the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

(xvi) Employee benefits

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined Contribution Plan

Retirement benefit in the form of contribution to pension fund, superannuation fund and national pension scheme are defined contribution scheme. The Company has no obligation, other than the contribution payable to these schemes. The Company recognizes contribution payable to these fund schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre- payment will lead to, for example, a reduction in future payment or a cash refund.

Defined Benefit Plans

i) Liability for Gratuity and Post Retirement Medical Benefits are provided for on the basis of actuarial valuation carried at the end of each financial year. The gratuity plan and post employment medical benefit plan has been funded by policy taken from Life Insurance Corporation of India.

ii) Liability for Provident fund is provided for on the basis of actuarial valuation carried at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

(xvi) Employee benefits (continued)

iii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity.

Other long term benefits

Liability for accumulated compensated absences are provided for on the basis of actuarial valuation carried at the end of each financial year. The Company measures the expected cost of accumulated compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose.

(xvii) Income tax

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(xviii) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Company according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting financial statements of the Company as a whole.

(xix) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

(xx) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability is also a present obligation that arises from past events but outflow of resources embodying economic benefits is not probable.

(xxi) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

3B. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The changes in estimates are made as the management becomes aware of such changes. The changes in estimates are recognized in the period in which the estimates are revised.

i) Income Taxes

Deferred tax assets are recognised for unused tax losses and tax credits to the extent it is probable that taxable profit will be available against which such losses and tax credits can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company based on profit projections is confident to have sufficient taxable income in future and hence has recognised deferred tax assets on carry forward losses and tax credit (MAT Credit Entitlement). Further details on taxes are disclosed in Note 17.

ii) Defined benefit plans

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in Note 32.

iii) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date. Refer Note 4(a).

iv) Fair value measurement of financial instruments.

Refer Note 34 for information about fair value measurement.

v) Revenue recognition

The Company provides various rebates and incentives to the customers. In estimating the same, the Company is required to use either the expected value method or the most likely method. The Company determined that the expected value method is the appropriate method for determining estimates to recognize the impact of rebates and other incentives on revenue. These estimates are made based on historical experience and business forecast and current market conditions. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value thereof.

3C. Standards issued but not yet effective

The Ministry of Corporate Affairs ("MCA"), notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

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Note 4(a) : Property, plant and equipment

Reconciliation of carrying amount

	Leasehold land - Right of Use Asset	Freehold land *	Buildings	Roads and culverts	Plant and equipments	Furniture and fittings	Vehicles	Office equipments	Railway siding	Total (A)
Cost (gross carrying amount)										
Balance as at 1 April 2018	3.98	58.49	1,477.37	20.88	9,778.29	29.90	29.97	63.37	50.04	11,512.29
Additions during the year	-	-	2.23	19.89	710.43	4.43	16.44	24.24	19.85	797.51
Disposals/ discard during the year	-	-	-	-	128.60	0.49	1.88	2.85	4.09	137.91
Adjustment (Refer note 4 below)	-	-	-	-	170.04	-	-	-	-	170.04
Balance as at 31 March 2019	3.98	58.49	1,479.60	40.77	10,530.16	33.84	44.53	84.76	65.80	12,341.93
Balance as at 1 April 2019	3.98	58.49	1,479.60	40.77	10,530.16	33.84	44.53	84.76	65.80	12,341.93
Additions during the year	-	-	2,031.79	7.16	230.28	1.23	5.10	17.01	-	2,292.57
Disposals/ discard during the year	-	-	5.03	-	94.84	0.30	2.93	17.71	-	120.81
Adjustment (Refer note 4 below)	-	-	406.94	-	(2.23)	-	-	(1.08)	-	403.63
Balance as at 31 March 2020	3.98	58.49	3,913.30	47.93	10,663.37	34.77	46.70	82.98	65.80	14,917.32
Balance as at 1 April 2020	3.98	58.49	3,913.30	47.93	10,663.37	34.77	46.70	82.98	65.80	14,917.32
Additions during the year	-	-	43.50	18.15	874.26	5.43	2.50	10.63	-	954.47
Disposals/ discard during the year	-	-	-	0.04	94.46	0.63	1.99	0.34	-	97.46
Adjustment (Refer note 4 below)	-	-	4.92	-	64.94	-	-	-	-	69.86
Balance as at 31 March 2021	3.98	58.49	3,961.72	66.04	11,508.11	39.57	47.21	93.27	65.80	15,844.19

	Leasehold land - Right of Use Asset	Freehold land *	Buildings	Roads and culverts	Plant and equipments	Furniture and fittings	Vehicles	Office equipments	Railway siding	Total (A)
Accumulated depreciation										
Balance as at 1 April 2018	0.15	-	176.06	5.71	1,206.50	9.85	3.07	38.37	4.70	1,444.41
Charge for the year	0.04	-	59.41	1.20	613.70	4.09	4.98	10.26	2.58	696.26
Deductions	-	-	-	-	30.46	0.21	0.94	0.47	0.48	32.56
Balance as at 31 March 2019	0.19	-	235.47	6.91	1,789.74	13.73	7.11	48.16	6.80	2,108.11
Balance as at 1 April 2019	0.19	-	235.47	6.91	1,789.74	13.73	7.11	48.16	6.80	2,108.11
Charge for the year	0.04	-	64.95	4.68	629.91	4.34	5.45	8.85	3.39	721.61
Deductions	-	-	1.72	-	19.56	0.25	1.29	15.47	-	38.29
Adjustments	-	-	-	-	(0.09)	-	-	(0.77)	-	(0.86)
Balance as at 31 March 2020	0.23	-	298.70	11.59	2,400.00	17.82	11.27	40.77	10.19	2,790.57
Balance as at 1 April 2020	0.23	-	298.70	11.59	2,400.00	17.82	11.27	40.77	10.19	2,790.57
Charge for the year	0.04	-	136.14	7.13	663.05	4.53	5.62	10.07	3.39	829.97
Deductions	-	-	-	-	26.07	0.48	0.63	0.21	-	27.39
Balance as at 31 March 2021	0.27	-	434.84	18.72	3,036.98	21.87	16.26	50.63	13.58	3,593.15
Net Carrying amount										
Balance as at 31 March 2019	3.79	58.49	1,244.13	33.86	8,740.42	20.11	37.42	36.60	59.00	10,233.82
Balance as at 31 March 2020	3.75	58.49	3,614.60	36.34	8,263.37	16.95	35.43	42.21	55.61	12,126.75
Balance as at 31 March 2021	3.71	58.49	3,526.88	47.32	8,471.13	17.70	30.95	42.64	52.22	12,251.04

* Company is in the process of executing conveyance deed / patta for land measuring 178.06 acres amounting to Rs.2.79

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Note 4(a) : Property, plant and equipment (Continued)

Notes:

- 1) Refer Note 14(a) and 14(b) relating to borrowings in respect of property, plant and equipment provided as security against those borrowings.
- 2) Refer Note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- 3) Capitalisation of borrowing costs relates to funds borrowed both specifically and generally to acquire/construct qualifying assets. The capitalisation rate relating to general borrowings was at 7.74% (31 March 2020: 8.84%, 31 March 2019: 8.73%).

- 4) Adjustments include adjustment on account of borrowing costs and foreign exchange fluctuations.

4(b) Capital work-in-progress

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Opening balance	1,490.44	2,548.14	2,145.83
Add: Addition during the year	1,735.27	1,645.37	1,373.05
Less: Capitalisation during the year	1,025.11	2,703.07	970.74
Closing balance	2,200.60	1,490.44	2,548.14

Closing balance includes other direct capital expenditure (pending allocation) Rs. 156.92 (31 March 2020: Rs. 104.79, 31 March 2019: Rs. 307.87)

4(c) Intangible assets

	31 March 2021	31 March 2020	31 March 2019
	Computer Software	Computer Software	Computer Software
Gross block (Carrying amount)			
Balance as at beginning of the year	41.36	34.25	31.06
Additions during the year	0.78	6.87	3.19
Disposals/discard during the year	-	0.84	-
Adjustments	-	1.08	-
Balance as at end of the year	42.14	41.36	34.25
Amortisation			
Balance as at beginning of the year	27.78	24.70	19.98
Amortisation for the year	3.31	3.15	4.72
Deductions	-	0.84	-
Adjustments	-	0.77	-
Balance as at end of the year	31.09	27.78	24.70
Net carrying amount as at end of the year	11.05	13.58	9.55

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Note 5(a): Equity accounted investment

	31 March 2021	31 March 2020	31 March 2019
Investment in associate			
Unquoted investment in equity share at cost	31.23	35.66	0.90
512,500 (31 March 2020: 512,500, 31 March 2019: 12,500) ordinary shares of USD 1 each fully paid up of Zuari Yoma Agri Solutions Limited			
Share of loss in associate *	(1.95)	(8.28)	(0.90)
Effect of foreign currency translation reserve	(1.42)	3.85	-
Net investment in associate	27.86	31.23	-

* The Company has unrecognized losses attributable to its share in associate amounting to Rs.1.44 for the year ended 31 March 2019.

Interests in equity accounted investment

During the year ended 31 March 2019, the Company has invested in ordinary shares of Zuari Yoma Agri Solutions Limited (ZYASL), pursuant to which ZYASL became an associate of the Company with 50% ownership interest. The ZYASL is principally engaged in producing and distributing fertilizers. The said Company was incorporated in Myanmar. ZYASL is not material to the Company considering the contribution of the associate to the consolidated net assets of the Company.

Note 5(b): Investments

	31 March 2021		31 March 2020		31 March 2019	
	No. of units	Amount	No. of units	Amount	No. of units	Amount
Mutual fund investments at fair value through profit or loss (unquoted)						
Aditya Birla Sun Life Money Manager Regular - Growth	1,228,746.71	350.14	-	-	-	-
Axis Money Market Fund - Direct Plan	207,887.17	230.11	-	-	-	-
Nippon India Money Market Fund - Direct Growth Plan Growth Option	43,499.36	140.10	-	-	-	-
Nippon India Money Market Fund - Growth Plan Growth Option	62,588.63	200.04	-	-	-	-
HDFC Money Market Fund - Regular Plan _ Growth	33,945.49	149.99	-	-	-	-
ICICI Prudential Money Market Fund - Growth	170,598.19	50.00	-	-	-	-
ICICI Prudential Money Market Fund - Direct Plan - Growth	338,721.53	100.02	-	-	-	-
Total investments		1,220.40		-		-

Note 6: Other Non Current Assets and Current Assets

(Unsecured, considered good unless otherwise stated)

	31 March 2021		31 March 2020		31 March 2019	
	Non-current	Current	Non-current	Current	Non-current	Current
Capital advances						
Related parties (refer Note 33)	2.42	-	2.42	-	-	-
Others	144.69	-	81.41	-	45.78	-
Advance to vendors:						
Related parties (refer Note 33)	-	0.13	-	0.22	-	1,086.93
Others	-	209.84	-	85.75	-	45.09
Less: Loss allowance	-	(3.20)	-	(3.20)	-	(3.20)
Claims receivable	21.83	86.13	21.83	74.56	21.83	97.27
Less: Loss allowance	(21.83)	-	(21.83)	-	(21.83)	-
Balance with statutory / government authorities	-	2,365.90	-	1,803.35	-	2,469.96
Prepaid expenses	9.30	36.74	14.50	47.31	1.82	79.22
Sales tax & entry tax deposits	0.80	259.65	0.80	259.65	0.80	257.86
Less: Loss allowance	(0.80)	-	(0.80)	-	(0.80)	-
Receivable from Related Party (Refer note no. 33)	-	1,754.20	-	-	-	-
Other deposits						
Related parties (refer Note 33)	4.20	-	4.20	0.16	-	-
Others*	71.53	14.42	71.53	12.78	71.53	13.32
Total other assets	232.14	4,723.81	174.06	2,280.58	119.13	4,046.45

* Includes primarily deposits with vendors, service providers etc.

Note 7: Inventories

(Valued at the lower of cost and net realisable value)

	31 March 2021	31 March 2020	31 March 2019
Raw materials	3,792.84	3,498.12	4,463.19
Finished goods	1,352.02	3,574.98	6,262.93
Traded goods	1,307.93	1,252.41	2,370.78
Intermediates	715.90	601.35	687.02
Stores, spare parts, chemical and fuel oil	444.98	477.30	389.49
Packing materials	63.05	65.76	44.81
By-Products (refer note 44)	1,313.81	1,315.46	-
Total inventories	8,990.53	10,785.38	14,218.22

Note:

- Inventories are pledged against the borrowings as further explained in Note 14(a) and 14(b).
- The cost of inventories recognised as expense includes Rs. 3.93 (31 March 2020: Rs. 37.52, 31 March 2019: Rs.7.69) in respect of write down of inventories.
- Inventories includes inventories in transit as at the balance sheet date as under:

	31 March 2021	31 March 2020	31 March 2019
Raw materials	1,964.35	1,722.97	2,258.97
Finished goods	346.88	330.28	866.90
Traded goods	592.75	92.85	250.11
Stores and spare parts	23.05	117.69	17.61
Total inventories in transit	2,927.03	2,263.79	3,393.59

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Note 8: Trade receivables

	31 March 2021	31 March 2020	31 March 2019
Trade receivables considered good - secured	57.35	45.78	26.65
Trade receivables considered good - unsecured	8,326.17	18,185.64	20,615.47
From related parties (Refer Note 33)			
Trade receivables considered good - unsecured	3,520.32	3,540.25	2,996.09
Total trade receivables	11,903.84	21,771.67	23,638.21
Less: Loss allowance	(347.90)	(282.66)	(216.75)
Net trade receivables (Refer note 'a' below)	11,555.94	21,489.01	23,421.46

Trade receivables are carried at amortised cost which are a reasonable approximation of their fair value.

- a) Includes subsidy receivable from the Government of India amounting to Rs 5,184.49 (31 March 2020: Rs 11,747.18, 31 March 2019: Rs.13,047.77) net of provision of Rs 72.73 (31 March 2020: Rs 31.25, 31 March 2019: Rs.31.13).
- b) Trade receivables are pledged against the borrowings obtained by the Company as further explained in Note 14(a) and 14(b).
- c) Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.
- d) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- e) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 35.

Note 9(a): Cash and cash equivalents

	31 March 2021	31 March 2020	31 March 2019
Balances with banks			
- On current accounts	24.73	12.09	7.10
- On cash credit accounts	890.50	28.75	180.27
Cash on hand	0.02	0.02	0.03
Total cash and cash equivalents	915.25	40.86	187.40

Note 9(b): Bank balances other than above

	31 March 2021	31 March 2020	31 March 2019
- In term deposit account *	16.73	17.32	13.75
Total bank balances other than above	16.73	17.32	13.75

Bank balances other than above are carried at amortised cost which are a reasonable approximation of their fair value.

* With original maturity of more than 3 months but not greater than 12 months and Pledged with Executive Engineer, Mahanadi South Division as security deposit Rs.16.23 (31 March 2020: Rs. 15.06, 31 March 2019: Rs. 13.75) ; Nil (31 March 2020: Rs. 1.76, 31 March 2019: Nil) against bank guarantee issued in favour of Steel Authority of India Limited ; Rs. 0.50 (31 March 2020: Rs. 0.50, 31 March 2019: Nil) against bank guarantee issued in favour of Regional Director, ESI Corporation, Bhubaneswar.

Note 10: Other financial assets

(Unsecured, considered good unless otherwise stated)

	31 March 2021		31 March 2020		31 March 2019	
	Non-current	Current	Non-current	Current	Non-current	Current
Derivative instruments at fair value through profit or loss						
Derivatives not designated as hedges						
Foreign-exchange forward contracts	-	-	-	342.17	-	-
Other financial asset at amortised cost*						
Claims receivable:						
Related parties (refer Note 33)	-	1,616.31	-	651.67	-	1,045.86
Others	20.98	76.55	20.98	176.08	20.98	27.87
Less: Loss allowance	(20.98)	-	(20.98)	-	(20.98)	-
Interest receivable on deposits, receivables, etc:						
Related parties (refer Note 33)	-	255.67	-	255.67	-	179.81
Others	-	5.04	-	5.31	-	5.35
Other receivable						
Related parties (refer Note 33)	-	5.62	-	5.62	-	5.20
Total other financial assets	-	1,959.19	-	1,436.52	-	1,264.09

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

Note 11: Assets classified as held for sale

	31 March 2021	31 March 2020	31 March 2019
Discarded property, plant and equipment	2.43	2.46	2.39
Total assets classified as held for sale	2.43	2.46	2.39

Assets held for sale represent property, plant and equipment discarded. The Company expects to dispose it off in next one year.

PARADEEP PHOSPHATES LIMITED
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(All amounts are in rupees million, unless otherwise stated)

Note 12: Equity share capital

(a) Details of authorised, issued, subscribed and fully paid up share capital:

	31 March 2021	31 March 2020	31 March 2019
Authorised share capital			
8,000,000 (31 March 2020: 8,000,000, 31 March 2019: 8,000,000) equity shares of Rs 1,000 each	8,000.00	8,000.00	8,000.00
2,000,000 (31 March 2020: 2,000,000, 31 March 2019: 2,000,000) 7% Non cumulative Redeemable preference shares of Rs 1000/- each	2,000.00	2,000.00	2,000.00
Total authorised share capital	10,000.00	10,000.00	10,000.00
Issued, subscribed and fully paid up shares			
5,754,500 (31 March 2020: 5,754,500 ; 31 March 2019: 5,754,500 equity shares of Rs 1,000 each) fully paid	5,754.50	5,754.50	5,754.50
Total equity share capital	5,754.50	5,754.50	5,754.50

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

	31 March 2021		31 March 2020		31 March 2019	
	Number of equity shares	Amount	Number of equity shares	Amount	Number of equity shares	Amount
Balance at the beginning and at the end of the year	5,754,500	5,754.50	5,754,500	5,754.50	5,754,500	5,754.50

(c) Terms/ rights attached to equity shares:

- The Company has only one class of equity share having par value of Rs.1000 per share. Each holder of equity share is entitled to one vote per share. Refer note 28 for sub-division of shares post 31 March 2021.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company in proportion to the number of equity shares held by the respective shareholders.
- The shares held by the GOI have the following additional rights :
 - The GOI is entitled to nominate two directors on the Board of the Company so long as it holds at least 15.5% issued equity shares of the Company.
 - The presence of at least one GOI nominee director is required to constitute a quorum in a board meeting, failing which the meeting would be adjourned twice. Thereafter, in the absence of GOI nominee director, the directors present shall constitute the quorum.
 - The above requirement is also applicable to constitute a quorum in shareholder's meeting.
 - The resolution for certain important matters cannot be passed in a board meeting / shareholders' meeting without the affirmative vote of at least one GOI nominee director/shareholder.
- The shares held by Zuari Maroc Phosphates Private Limited (ZMPPL) have the following additional rights :
 - ZMPPL is entitled to nominate maximum 6 directors on the Board of the Company.
 - The Chairman and the Managing Director shall be appointed from amongst the directors nominated by ZMPPL.

(d) Shares held by holding company are as below:

	31 March 2021	31 March 2020	31 March 2019
Name of shareholder			
Zuari Maroc Phosphates Private Limited (ZMPPL), the holding company (erstwhile known as Zuari Maroc Phosphates Limited (ZMPL))	4,629.61	4,629.61	4,629.61

(e) Details of equity shareholders holding more than 5% of the aggregate equity shares in the Company:

Name of equity shareholder	31 March 2021		31 March 2020		31 March 2019	
	Number of equity shares	% of total shares in the class	Number of equity shares	% of total shares in the class	Number of equity shares	% of total shares in the class
Zuari Maroc Phosphates Private Limited (ZMPPL), the holding company (erstwhile known as ZMPL)	4,629,610	80.45%	4,629,610	80.45%	4,629,610	80.45%
President of India - Government of India (GOI)	1,124,890	19.55%	1,124,890	19.55%	1,124,890	19.55%

(f) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.

(g) As per records of the company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

Note 13: Other equity

	31 March 2021	31 March 2020	31 March 2019
Retained earnings	12,518.17	10,276.99	9,072.63
Foreign currency translation reserve (FCTR)	2.43	3.85	-
Total other equity	12,520.60	10,280.84	9,072.63

Nature and purpose of reserves:

Retained earnings: Retained earnings are profits that the Company has earned till date, less dividends or other distributions paid to the shareholders. It also includes remeasurement gain/ loss of defined benefit plans.

Foreign currency translation reserve (FCTR) : Exchange differences on translating the financial statements of foreign operations.

Proposed dividend on equity shares not recognised as liability *

	31 March 2021	31 March 2020	31 March 2019
Proposed final dividend Rs. 100 per share	-	-	575.45
Dividend distribution tax	-	-	118.29

* Proposed dividend on equity shares is subject to approval of shareholders of the Company at the ensuing Annual General Meeting and not recognised as liability as at the Balance Sheet date.

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Note 14(a): Non-Current Borrowings

	31 March 2021		31 March 2020		31 March 2019	
	Non-current	Current Maturities	Non-current	Current Maturities	Non-current	Current Maturities
Secured						
Rupee term loan from banks	1,134.11	760.90	1,394.22	694.74	2,088.26	592.82
Rupee term loan from financial institution	-	-	-	99.83	100.54	99.46
Amount of current maturities disclosed under the head "other financials liabilities" (Refer note 15)	-	(760.90)	-	(794.57)	-	(692.28)
Total non-current borrowings	1,134.11	-	1,394.22	-	2,188.80	-

Non-Current Borrowings are carried at amortised cost which are a reasonable approximation of their fair value.

Terms and conditions including nature of securities and terms of repayment of each loan and interest rate:

Particulars of loan	Security	Terms of repayment	Period / Year end	Effective interest rate
Rupee term loan from- Syndicate Bank	First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets.	Repayable in 20 quarterly instalments of Rs. 62.50 commenced from 31 May 2016.	31 March 2021 31 March 2020 31 March 2019	- 9.60% 10.05%
Rupee term loan from- HDFC Bank	First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets.	Repayable in 20 quarterly instalments of Rs. 37.50 commenced from 30 April 2016.	31 March 2021 31 March 2020 31 March 2019	- 10.30% 10.25%
Rupee term loan from financial institution- EXIM Bank	First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets.	Repayable in 20 quarterly instalments of Rs. 25.00 commenced from 30 April 2016.	31 March 2021 31 March 2020 31 March 2019	- 10.30% 9.85%
Rupee term loan from- ICICI Bank	First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets.	Repayable in 20 quarterly instalments commenced from 31 December 2018, of which first 8 quarterly instalments are of Rs. 50.00 , next 4 quarterly instalments of Rs. 100.00 and remaining 8 quarterly instalments of Rs. 150.00	31 March 2021 31 March 2020 31 March 2019	8.55% 9.75% 9.50%
Rupee term loan from- Bank of India	First pari passu with the mortgages and charges created in respect of immovable properties and movable properties and second pari passu with the charges created in respect of current assets.	Repayable in 16 quarterly instalments of Rs. 133.75 commencing from 31 October 2021	31 March 2021 31 March 2020 31 March 2019	9.70% - -

Note 14(b): Current Borrowings

	31 March 2021	31 March 2020	31 March 2019
From banks:			
Secured			
Loans repayable on demand			
Cash credit	-	1,432.08	2,655.73
Other loans			
Working capital demand loan	-	7,780.00	6,600.00
Rupee loan	-	272.46	2,035.90
Buyer's credit	-	3,400.22	-
Supplier's credit	10,616.71	6,435.35	9,843.28
Local bills discounted with bank	-	170.60	1,333.98
Other loans from bank	-	1,300.00	-
Unsecured			
Other loans from bank	-	-	5,880.00
Total current borrowings	10,616.71	20,790.71	28,348.89

Current Borrowings are carried at amortised cost which are a reasonable approximation of their fair value.

PARADEEP PHOSPHATES LIMITED
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(All amounts are in rupees million, unless otherwise stated)
Note 14(b): Current Borrowings (continued)
Terms and conditions including nature of securities and terms of repayment of each loan and interest rate:

Particulars of loan	Security	Terms of repayment	Period	Principal Amount	Effective interest rate
Cash credit (secured)	First charge by way of hypothecation on all current assets and second charge on all immovable & movable properties of the Company (other than certain current assets hypothecated / pledged in favour of banks by way of first charge) both present and future on pari-passu basis.	Repayable on demand	31 March 2021 31 March 2020 31 March 2019	- 1,432.08 2,655.73	- 9.00% to 10.50% 9.75% to 11.00%
Working capital demand loan (WC DL) (secured)		Repayable over a period of 11 to 91 days	31 March 2021 31 March 2020 31 March 2019	- 7,780.00 6,600.00	- 8.00% to 9.50% 8.40% to 9.25%
Supplier's credit(secured)/buyer's credit (secured)		Repayable over a period of 90 to 180 days	31 March 2021 31 March 2020 31 March 2019	10,616.71 9,835.57 9,843.28	6 month LIBOR plus 0.10% to 0.75% 6.00% to 8.50% 7.50% to 9.00%
Local Bills discounted with bank (secured)		Repayable over a period of 91 to 180 days	31 March 2021 31 March 2020 31 March 2019	- 170.60 1,333.98	- 7.50% to 8.50% 8.25% to 9.00%
Others loans (secured)		Repayable over a period of 90 to 180 days	31 March 2021 31 March 2020 31 March 2019	- 1,300.00 -	- 6.00% to 8.00% -
Rupee loan (secured)		The loan is secured by hypothecation of subsidy receivable from Government of India	31 March 2021 31 March 2020 31 March 2019	- 272.46 2,035.90	- 0% 0.48%
Others Loans (unsecured)		Unsecured	31 March 2021 31 March 2020 31 March 2019	- - 5,880.00	- - 8.50% to 9.00%
		Repayable on demand	31 March 2021 31 March 2020 31 March 2019	- - -	- - -

Note 15: Other financial liabilities

	31 March 2021		31 March 2020		31 March 2019	
	Non-current	Current	Non-current	Current	Non-current	Current
Financial liabilities at fair value through profit or loss						
Derivatives not designated as hedges						
Foreign-exchange forward contracts	-	159.15	-	-	-	355.72
Total financial liabilities at fair value through profit or loss	-	159.15	-	-	-	355.72
Other financial liabilities at amortised cost*						
Current maturities of non-current borrowings (Refer Note 14(a))	-	760.90	-	794.57	-	692.28
Earnest money/Security deposits						
Related Parties (Refer Note 33)	-	-	-	0.10	-	-
Others	-	280.03	-	183.04	-	145.06
Employee related dues	1.01	229.77	1.51	203.32	9.31	381.66
Creditors for property, plant and equipments (including retention money from contractors/suppliers)						
Related Parties (Refer Note 33)	-	4.25	-	4.25	-	16.73
Others	-	143.95	-	151.93	-	62.48
Interest accrued but not due on borrowings	-	7.41	-	66.55	-	120.84
Total other financial liabilities at amortised cost	1.01	1,426.31	1.51	1,403.76	9.31	1,419.05
Total other financial liabilities	1.01	1,585.46	1.51	1,403.76	9.31	1,774.77

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

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Annexure VI - Notes to the Restated Consolidated Financial Information

(All amounts are in rupees million, unless otherwise stated)

Note 16: Provisions

	31 March 2021		31 March 2020		31 March 2019	
	Non-current	Current	Non-current	Current	Non-current	Current
Provision for employee benefits *						
Post retirement medical benefits	5.89	0.42	7.32	0.49	6.85	0.49
Gratuity (refer Note 32)	132.02	16.03	201.28	19.66	122.57	12.13
Leave salary	-	486.30	-	426.75	-	370.94
Other provisions (Refer Note 'a' below)						
Contractors	59.59	-	62.12	-	64.54	-
Others						
- Capital expenditure	-	25.02	-	25.02	-	25.02
- Others	-	302.38	-	284.56	-	267.31
Total provisions	197.50	830.15	270.72	756.48	193.96	675.89

* The classification of current/non current for provision for employee benefits has been determined by the actuary of the Company, based upon estimated amount of cash outflow during the next 12 months from the balance sheet date.

Note a: The movement for "Other provisions" during the year is as follows:

Movement of provisions during the year as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Asset"

Capital expenditure

	31 March 2021			31 March 2020		
	Capital Expenditure **	Contractor	Others **	Capital Expenditure **	Contractor	Others **
Opening balance	25.02	62.12	284.56	25.02	64.54	267.31
Provision made during the year	-	-	17.82	-	-	17.25
Provision adjusted during the year	-	(2.53)	-	-	(2.42)	-
Closing balance**	25.02	59.59	302.38	25.02	62.12	284.56

	31 March 2019		
	Capital Expenditure **	Contractor	Others **
Opening balance	25.02	39.78	250.63
Provision made during the year	-	24.76	16.68
Closing balance	25.02	64.54	267.31

** Closing balance includes the following provisions

	31 March 2021		31 March 2020		31 March 2019	
	Capital Expenditure	Others	Capital Expenditure	Others	Capital Expenditure	Others
Ground rent (Refer note i below)	-	251.62	-	234.47	-	217.89
Land compensation (including interest) (Refer note ii below)	25.02	-	25.02	-	25.02	-
Employees' state insurance (Refer note iii below)	-	21.42	-	20.75	-	20.08
Provision for others (freight claims)	-	29.34	-	29.34	-	29.34
	25.02	302.38	25.02	284.56	25.02	267.31

i. The Land Policy of Port land has been revised as per the Land Policy Guidelines issued by the Ministry of Shipping, Government of India. Pursuant to the said policy and pending outcome of negotiation with Paradeep Port Trust, the Company has made provision towards ground rent, interest and taxes amounting to Rs. 251.62 (31 March 2020: Rs. 234.47, 31 March 2019: Rs. 217.89) against the demand raised by Paradeep Port Trust.

ii. In terms of meeting for amicable settlement of dispute the additional compensation to the land losers, under the chairmanship of the Collector and District Magistrate, Jagatsinghpur, it was decided to pay additional compensation at the rate fixed to the claimants through the Special Land Acquisition Officer (Spl. LAO), Government of Odisha. Since the disbursement process to land losers had started in the financial year 2010-11 through Spl. LAO, the Company had accounted for total estimated liability of Rs. 56.60 (including interest of Rs. 41.80) during the financial year 2010-11. The outstanding liability as on 31 March 2021 stands at Rs. 25.02 (31 March 2020: Rs. 25.02, 31 March 2019: Rs. 25.02) after making payment to Spl. LAO.

iii. Employees' State Insurance Corporation (ESIC) raised various demands against the Company in respect of both contract labourers and employees in earlier years, which were contested by the Company in various Courts and Authorities. The Company is continuing with the provision existing in the books as on 31 March 2021 as Rs. 21.42 (31 March 2020: Rs. 20.75, 31 March 2019: Rs. 20.08)

PARADEEP PHOSPHATES LIMITED
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(All amounts are in rupees million, unless otherwise stated)

Note 17: Income Tax

A. Amount recognised in the profit or loss			
	31 March 2021	31 March 2020	31 March 2019
Current tax expense / (credit):			
Current income tax charge for continuing operations	726.80	408.42	552.86
Adjustment in respect of current income tax of earlier years	(1.34)	(17.84)	16.10
Deferred tax charge / (credit):	706.89	(27.16)	355.38
Total tax expense	1,432.35	363.42	924.34

B. Amount recognised in the Other Comprehensive Income			
	31 March 2021	31 March 2020	31 March 2019
Deferred tax charge / (credit) to OCI	4.57	(18.31)	(12.42)

C. Reconciliation of effective tax rate			
	31 March 2021	31 March 2020	31 March 2019
Accounting profit before income tax from continuing operations	3,665.03	2,295.62	2,513.97
Share of loss from associate	1.95	8.28	0.90
Accounting profit before income tax	3,666.98	2,303.90	2,514.87
At India's statutory income tax rate of 34.944%	1,281.39	805.07	878.80
Tax effects of amount which are not deductible / (taxable) in calculating taxable income -			
CSR expenditure	17.57	15.64	6.99
Interest on income tax	6.81	3.70	0.38
Club expenditure	-	-	0.08
Donation	-	-	0.26
On account of change in tax rate (refer note a below)	-	(432.48)	9.31
On account of reassessment of tax expenses	115.84	-	-
Impact of claim of health and education cess	(16.24)	(10.68)	-
Tax impact on items reclassified from OCI to Profit and Loss	-	-	12.42
Others	28.32	0.01	-
Effective tax charge	1,433.69	381.26	908.24
Add: Tax impact for earlier years	(1.34)	(17.84)	16.10
Tax expenses as per the Statement of Profit and Loss	1,432.35	363.42	924.34

D. Movement in Deferred tax balances				
	Balance as at 1 April 2020	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2021
Deferred tax liabilities				
Property, plant and equipment (including intangible assets)	1,271.18	122.18	-	1,393.36
On account of statutory dues	89.13	(24.98)	-	64.15
Total deferred income tax liabilities	1,360.31	97.20	-	1,457.51
Deferred tax assets				
Effect of loss allowance	84.72	14.63	-	99.35
Expenses allowable under income tax on payment basis under Section 43B of the Income-tax Act, 1961	494.07	(124.81)	(4.57)	364.69
Provision for other liabilities	81.93	(18.60)	-	63.33
MAT credit entitlement	480.91	(480.91)	-	-
Total deferred income tax assets	1,141.63	(609.69)	(4.57)	527.37
Net deferred tax liabilities / (assets)	218.68	706.89	4.57	930.14

	Balance as at 1 April 2019	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2020
Deferred tax liabilities				
Property, plant and equipment (including intangible assets)	1,612.03	(340.85)	-	1,271.18
On account of statutory dues	88.78	0.35	-	89.13
Total deferred income tax liabilities	1,700.81	(340.50)	-	1,360.31
Deferred tax assets				
Effect of loss allowance	92.10	(7.38)	-	84.72
Expenses allowable under income tax on payment basis under Section 43B of the Income-tax Act, 1961	463.02	12.74	18.31	494.07
Provision for other liabilities	76.13	5.80	-	81.93
MAT credit entitlement	805.41	(324.50)	-	480.91
Total deferred income tax assets	1,436.66	(313.34)	18.31	1,141.63
Net deferred tax liabilities / (assets)	264.15	(27.16)	(18.31)	218.68

PARADEEP PHOSPHATES LIMITED
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(All amounts are in rupees million, unless otherwise stated)

Note 17: Income Tax (Continued)

	Balance as at 1 April 2018	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2019
Deferred tax liabilities				
Property, plant and equipment (including intangible assets)	1,478.66	133.37	-	1,612.03
On account of statutory dues	86.81	1.97	-	88.78
Total deferred income tax liabilities	1,565.47	135.34	-	1,700.81
Deferred tax assets				
Effect of loss allowance	64.98	27.12	-	92.10
Expenses allowable under income tax on payment basis under Section 43B of the Income-tax Act, 1961	448.98	14.04	-	463.02
Provision for other liabilities	83.65	(19.94)	12.42	76.13
Effect of brought forward loss and unabsorbed depreciation	2.89	(2.89)	-	-
MAT credit entitlement	1,043.78	(238.37)	-	805.41
Total deferred income tax assets	1,644.28	(220.04)	12.42	1,436.66
Net deferred tax liabilities / (assets)	(78.81)	355.38	(12.42)	264.15

Note:

a. The Government of India, on 20/09/2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income Tax Act, 1961, which provides an option to the Company for paying income tax at reduced rates in accordance with the provisions/conditions defined in the said section. The Company is continuing to provide for income tax at old rates, based on the available outstanding MAT credit entitlement and other exemptions and deductions available to the Company under the Income Tax Act, 1961. The Company during the year ended 31 March 2020 has applied the lower income tax rates on the deferred tax assets / liabilities to the extent these are expected to be realised or settled in the future period when the Company may be subjected to lower tax rate and accordingly reversed net deferred tax liability of Rs. 432.48 in the financial year ended 31 March 2020.

Further, the Company during the financial year 2020-21 provided for income tax at old rates, based on the available outstanding MAT credit entitlement and other exemptions and deductions available to the Company under the Income Tax Act, 1961. However, the Company has applied the lower income tax rates on the deferred tax assets/liabilities.

b. The Company has carried forward Nil (31 March 2020: Rs 480.91, 31 March 2019: Rs. 805.41) tax credit (Minimum Alternative Tax (MAT)) as MAT credit entitlement under Deferred Tax Assets, the credit of which would be available based on the provisions of Section 115JAA of the Income Tax Act 1961. The management based on the future profitability projections and also profit earned during the year 2019-20 is confident that there would be sufficient taxable profits in future which will enable the Company to utilize the above tax credit.

PARADEEP PHOSPHATES LIMITED**Annexure VI - Notes to the Restated Consolidated Financial Information***(All amounts are in rupees million, unless otherwise stated)***Note 18: Trade payables**

	31 March 2021	31 March 2020	31 March 2019
Total outstanding dues of micro enterprises and small enterprises	62.56	17.21	5.35
Total outstanding dues of creditors other than micro enterprises and small enterprises			
- Related parties (refer Note 33)	4,629.68	2,446.75	3,765.59
- Others	4,703.08	5,597.48	3,308.45
	9,395.32	8,061.44	7,079.39

Trade payables are carried at amortised cost which are a reasonable approximation of their fair value.

Trade payables include acceptances from related parties and others amounting to Rs.3,818.32 and Rs.3,097.94 (31 March 2020: Rs. 1,955.76 and Rs. 4,278.41; 31 March 2019: Rs. 2,077.82 and Rs. 2,130.13) respectively.

Note:

Trade payables and acceptances are non-interest bearing and are normally settled on 30 to 180 day terms.

The amount due to Micro and small enterprises as defined under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such suppliers have been identified on the basis of information available with the Company. The details are as under:

	31 March 2021	31 March 2020	31 March 2019
(i) the principal amount and interest thereon remaining unpaid at the end of financial year	62.56	17.21	5.35
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

Note 19: Other current liabilities

	31 March 2021	31 March 2020	31 March 2019
Rebate liabilities	355.88	173.36	66.50
Interest on statutory dues	30.50	24.90	14.65
Statutory dues	808.62	743.05	723.80
Advance from customers	68.90	90.63	74.44
	1,263.90	1,031.94	879.39

PARADEEP PHOSPHATES LIMITED
Annexure VI - Notes to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)
Note 20: Revenue from operations

	31 March 2021	31 March 2020	31 March 2019
Sale of products	37,152.76	28,385.71	30,088.31
Subsidy from the Government of India on fertilizers (refer note (c) below)	14,453.91	13,529.32	13,475.74
Other operating revenues - Scrap sales	40.67	13.62	15.07
Revenue from operations *	51,647.34	41,928.65	43,579.12

* Revenue is net of rebates, discounts and goods and service tax.

(a) Reconciliation of revenue recognised with contract price:

	31 March 2021	31 March 2020	31 March 2019
Contract price	52,513.32	42,960.15	44,097.24
Adjustment for:			
Variable considerations - rebates	(865.98)	(1,031.50)	(518.12)
Revenue from operations	51,647.34	41,928.65	43,579.12

(b) Contract balances

	31 March 2021	31 March 2020	31 March 2019
Contract assets - trade receivables	11,555.94	21,489.01	23,421.46
Contract liabilities - advance from customers	68.90	90.63	74.44

The contract liabilities convert to revenue within one year from the reporting date.

(c) Subsidy from Government of India on fertilizers:

	31 March 2021	31 March 2020	31 March 2019
On finished goods [including freight subsidy Rs. 1,515.92 (31 March 2020 Rs. 1,708.20, 31 March 2019 Rs. 1,630.18)]	11,672.20	11,985.66	11,758.54
On traded goods [including freight subsidy Rs. 442.21 (31 March 2020 Rs. 232.40, 31 March 2019 Rs. 286.58)]	2,781.71	1,543.66	1,717.20
	14,453.91	13,529.32	13,475.74

Note 21: Other income

	31 March 2021	31 March 2020	31 March 2019
Interest income on:			
Bank deposits*	1.05	1.17	0.78
Income tax refund	14.96	137.20	-
Others*	4.54	89.11	324.50
Rent income	26.74	24.97	20.64
Exchange difference (net)	37.27	-	-
Excess provision/unclaimed liabilities/unclaimed balances written back	35.99	34.72	31.84
Profit on sale of current investments	2.34	-	4.80
Gain on fair valuation of investments measured at fair value through profit or loss	0.40	-	-
Miscellaneous income	68.78	61.94	10.45
	192.07	349.11	393.01

* Interest income calculated using effective interest method in relation to financial assets carried at amortised cost.

Note 22: Cost of raw materials consumed

	31 March 2021	31 March 2020	31 March 2019
Inventory at the beginning of the year	3,498.12	4,463.19	2,792.98
Add: Purchases	23,149.77	21,145.54	30,364.07
Inventory at the end of the year	(3,792.84)	(3,498.12)	(4,463.19)
Traded goods transferred from raw materials	(203.80)	(10.45)	(251.71)
Traded goods transferred to raw materials	-	1.25	34.23
Cost of raw materials consumed	22,651.25	22,101.41	28,476.38

Note 23: Changes in inventories of finished goods, stock-in-trade and work in progress

	31 March 2021	31 March 2020	31 March 2019
Opening stock			
- Finished goods	3,574.98	6,262.93	2,589.96
- Intermediates	601.35	687.02	649.66
- By-Products	1,315.46	-	2.97
- Traded goods	1,252.41	2,370.78	236.17
Total (A)	6,744.20	9,320.73	3,478.76
Less: Closing stock			
- Finished goods	1,352.02	3,574.98	6,262.93
- Intermediates	715.90	601.35	687.02
- By-Products	1,313.81	1,315.46	-
- Traded goods	1,307.93	1,252.41	2,370.78
Total (B)	4,689.66	6,744.20	9,320.73
Traded goods transferred from raw materials	(203.80)	(10.45)	(251.71)
Traded goods transferred to raw materials	-	1.25	34.23
Total (C)	(203.80)	(9.20)	(217.48)
(Increase)/ decrease in inventories of finished goods, stock-in trade and work-in-progress (A-B-C)	2,258.34	2,585.73	(5,624.49)

PARADEEP PHOSPHATES LIMITED**Annexure VI - Notes to the Restated Consolidated Financial Information***(All amounts are in rupees million, unless otherwise stated)***Note 24: Employee benefits expense**

	31 March 2021	31 March 2020	31 March 2019
Salaries, wages and bonus	1,125.64	1,061.34	1,073.65
Contribution to provident and other funds (refer Note 32)	87.16	98.74	72.27
Gratuity (Refer Note 32)	38.45	33.74	26.40
Staff welfare expenses	140.65	125.46	133.46
Total employee benefits expense	1,391.90	1,319.28	1,305.78

The Code of Social Security, 2020 ("the Code") relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect.

Note 25: Finance costs

	31 March 2021	31 March 2020	31 March 2019
Interest expense on liabilities measured at amortised cost*	674.15	1,542.13	1,306.83
Exchange differences to the extent considered as an adjustment to borrowing costs	322.35	273.76	197.07
Bank charges	98.42	91.44	80.26
Interest on income tax	19.33	10.58	8.37
Total finance costs	1,114.25	1,917.91	1,592.53

* Net of amount included in the cost of qualifying assets.

Note 26: Depreciation and amortisation expense

	31 March 2021	31 March 2020	31 March 2019
Depreciation of property, plant and equipment (refer Note 4(a))	829.93	721.57	696.22
Amortisation of intangible assets (refer Note 4(c))	3.31	3.15	4.72
Amortisation of right of use assets (refer Note 4(a))	0.04	0.04	0.04
Total depreciation and amortisation expense	833.28	724.76	700.98

Note 27: Other expenses

	31 March 2021	31 March 2020	31 March 2019
Consumption of stores and spare parts	366.40	307.95	305.01
Consumption of packing materials	350.13	346.21	362.29
Chemical consumed	163.54	116.69	119.87
Catalysts consumed	20.26	44.42	9.65
Payment to contractors for bagging and other services	315.62	337.13	396.60
Power and fuel	625.85	729.40	820.62
Water charges	65.95	60.57	55.75
Rent [refer note (i) below]	23.34	24.93	28.05
Rates and taxes	4.97	6.81	5.28
Insurance	135.29	108.44	37.33
Repairs and maintenance:			
Plant and machinery	245.44	219.85	187.17
Buildings	55.00	63.65	51.69
Others	47.44	44.05	36.60
Selling and distribution expenses:			
Freight and handling	2,869.63	2,702.90	2,892.03
Warehouse rent	56.57	170.67	126.12
Commission	107.53	57.52	29.31
Publicity and sales promotion expenses	71.30	100.61	102.00
Other selling expenses	39.46	28.07	8.01
Travelling and conveyance expenses	26.91	67.55	67.83
Professional, consultancy and legal expenses	41.78	27.75	77.94
Corporate social responsibility expenditure	50.29	44.77	20.02
Donation*	1.19	35.00	0.75
Payment to statutory auditors	11.55	9.29	9.02
Exchange differences (net)	-	504.01	416.48
Bad debts, claims and advances written off, net of provision of Rs. 2.13 (31 March 2020: Rs 6.19, 31 March 2019: Rs. 32.15)	-	1.01	2.18
Loss allowance	76.49	74.05	107.96
Loss on sale/discard of property, plant and equipment (net)	68.99	81.50	104.85
Miscellaneous expenses	280.48	255.89	234.58
Total other expenses	6,121.40	6,570.69	6,614.99

* Donation includes contribution to political party of Nil during the period ended 31 March 2021 (31 March 2020: Rs 35.00, 31 March 2019: Nil)

(i) Leases**Short-term leases**

The Company leases office which are considered to be short-term leases as the agreement is for the period of 3 years, renewable by mutual consent. These leases are cancellable at the option of both the lessor and lessee.

	31 March 2021	31 March 2020	31 March 2019
Expenses relating to short-term leases	23.34	24.93	28.05
Total cash outflow for leases	23.34	24.93	28.05

Lease payments for short-term leases not included in the measurement of the lease liability and are classified as cash flows from operating activities.

PARADEEP PHOSPHATES LIMITED**Annexure VI - Notes to the Restated Consolidated Financial Information***(All amounts are in rupees million, unless otherwise stated)***Note 28: Earnings per share****A. Basic and diluted earnings per share**

	31 March 2021	31 March 2020	31 March 2019
(i) Profit for the year, attributable to the equity holders of the Company	2,232.68	1,932.20	1,589.63
(ii) Weighted average number of equity shares - Nominal value of shares at Rs.10 each ^	575,450,000	575,450,000	575,450,000
(iii) Earnings per share (Basic and Diluted) [(i)/ (ii)]	3.88	3.36	2.76

^ The Board of Directors at their meeting held on 4 November 2020, approved the sub-division of each equity share of face value of Rs. 1,000 fully paid-up into 100 equity shares of face value of Rs. 10 each fully paid. The same was approved by the members on 01 June 2021 through e-voting.

In compliance with IND AS 33 "Earnings per share", the disclosure of earnings per share for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 has been arrived at after giving effect to the above sub-division.

Note 29: Contingent liabilities (to the extent not provided for)

	31 March 2021	31 March 2020	31 March 2019
Subsidy withheld (refer Note (a) below)	535.21	535.21	535.21
Goods and services tax demand (refer Note (b) below)	199.99	199.99	-
Entry tax demand on imported raw materials including interest and penalty	290.94	290.94	290.94
Sales tax/VAT/CST demands (refer Note (c) below)	1,058.94	1,059.04	1,056.17
Central Excise demands for March 2011	23.41	23.41	23.41
Service tax demand (refer note (d) below)	13.46	4.58	4.58
Custom duty and countervailing duty (refer Note (e) below)	11.00	11.00	11.00
Income tax demands	17.41	28.61	204.00
Demand towards contribution to Water Conservation Fund	232.25	232.25	232.25
Others claims against the Company not acknowledged as debt (refer Note (f) below)	281.57	242.38	206.37

a) Subsidy withheld

Department of Fertilizer, Government of India withheld the payment of subsidy on Imported DAP in one consignment amounting to Rs. 535.21, being the subsidy amount including freight subsidy. The amount has been withheld on the basis of samples collected by the Department from Mundra Port which were reported to be deficient on account of water soluble P2O5 content as per Fertilizer Control Order (FCO) but there was no deficiency as regards to the nutrient content. The Company has represented to the Department of Fertilizers to re-examine the case on the following grounds – (a) Failure is on account of water solubility and not on account of nutrient content. The nutrient content on which the Nutrient Based Subsidy is paid meets the FCO specifications (b) Water Solubility is more than 85% of the total P2O5 (c) All precautions were taken at the load port on having an international recognized inspection agency based on which the goods were shipped and dispatched and (d) The intimation on the original sample failure as well as the referee sample failure were received long after materials were dispatched well beyond the dispatch of the material to various destinations. Based on the revised notification from GOI dated February 6, 2017, water soluble P2O5 content of DAP is revised to 39.5% instead of 41%. DAP import for which the amount withheld has water soluble content of 39.53%. Further, vide Notification no 3-9/2008 Fert Law dated 18 November 2011 in which Triple Super Phosphate (TSP) with total P2O5 content of 46% and water soluble content of only 36.8% has been allowed to be imported and paid subsidy for 46% of P2O5. Based on above, the Company has made a representation that as per revised notification, water soluble content is as per norms and further permitting a product with same total P2O5 and less water soluble P2O5 as standard and declaring a product imported by the Company with 39.53% as non-standard is not fair. The Company is confident to receive a favorable outcome.

b) Goods and service tax demand

Demand under GST Act in respect of erroneous refund of GST for the period July 2017 to January 2018 under inverted structure.

c) Sales tax/VAT/CST demands

Sales tax/VAT/CST demand includes the following:

	31 March 2021	31 March 2020	31 March 2019
CST demand for the FY 2005-06 due to rejection of Branch transfers and export sales	1,042.05	1,042.05	1,042.05
VAT demand for the year 2005-06 in Bihar region on account of VAT assessment	3.77	3.77	3.77
CST demand for Telangana for non-submission of declaration forms	5.15	5.15	5.15
VAT demand for Odisha due to input tax credit mismatch	5.20	5.20	5.20
VAT demand for Maharashtra due to input tax credit mismatch	0.10	0.20	-
CST demand for Maharashtra for non-submission of declaration forms.	2.67	2.67	-
	1,058.94	1,059.04	1,056.17

PARADEEP PHOSPHATES LIMITED**Annexure VI - Notes to the Restated Consolidated Financial Information***(All amounts are in rupees million, unless otherwise stated)***Note 29: Contingent liabilities (to the extent not provided for) (continued)****d) Service tax demands**

Service tax demands include service tax on mediation fee Rs.4.58 for 31 March 2021 (31 March 2020: Rs. 4.58 and 31 March 2019: Rs. 4.58). Further it also includes service tax demand on water charges paid to State Government for the period April 16 to June 17 of Rs.8.88 for 31 March 2021.

e) Custom duty and countervailing duty

Countervailing Duty (CVD) paid and refund claimed on MOP and Sulphuric Acid, BCD on discount received and Custom duty on demurrage.

f) Others claims against the Company not acknowledged as debt

It includes the following:

	31 March 2021	31 March 2020	31 March 2019
Penal interest on loan from Government of India, due to delay	34.44	34.44	34.44
Industrial dispute and miscellaneous labour cases pending at various forums at different stages of dispute.	46.62	45.24	43.83
Interest on water charges due to delay in payments	176.91	139.49	105.06
Others	23.60	23.21	23.04
	281.57	242.38	206.37

g) Supreme Court judgement for provident fund during the year ended 31 March 2019

The Supreme Court, on 28 February 2019, ruled in relation to the expression of basic wages for computation of contribution towards provident fund that if any payment is to be excluded from basic wages then the payment must have a direct access and linkage to any incentive and must be variable. It should exclude allowances that are not paid across the board to all employees. The judgement being an interpretation of law and clarificatory in nature would be binding on all lower courts. However, on account of interpretative challenges on the application of judgement retrospectively and in absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order.

Based on discussions with the solicitors / favorable decisions in similar cases / legal opinions taken by the Company, the management believes that the Company has a good chance of success in the above mentioned cases and hence, no provision is considered necessary. The above has been compiled based on the information and records available with the Company.

Note 30: Commitments**Capital commitments**

	31 March 2021	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,416.41	1,015.17	516.38

Note 31: Segment reporting**a. Basis of segmentation**

The Company's business activity falls within a single primary Operating Segment "Fertilizers and Other Trading Materials", and thus no further disclosures are required in accordance with Indian Accounting Standard (Ind AS)- 10 "Operating Segment".

b. Geographic information

The Company primarily operates in and therefore no geographical segment information has been provided herein

PARADEEP PHOSPHATES LIMITED**Annexure VI - Notes to the Restated Consolidated Financial Information***(All amounts are in rupees million, unless otherwise stated)***Note 32: Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits'****Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1976. The scheme is funded with Life insurance Corporation of India (LIC) in the form of qualifying insurance policy. The Company undertakes all the risk pertaining to the plan.

Post Retirement medical benefit plan

The Company has a defined benefit post retirement medical benefit plan, for its employees. The Company provides medical benefit to those employees who leave the services of the Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Company.

Provident fund

The Company has set up provident fund trust wherein contributions are made and accordingly the same is considered as a defined benefit plan in accordance with Ind-AS 19, Employee Benefits, wherein provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. During the current year, actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by the Institute of Actuaries.

A. Defined contribution plan:

The amount provided for defined contribution plans are follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Pension Scheme	13.96	14.35	14.03
Superannuation Fund	14.08	13.73	12.07
National Pension Scheme	7.43	6.01	4.98
Total	35.47	34.09	31.08

B. Gratuity and other post-employment benefit plans:

Particulars	31 March 2021	31 March 2020	31 March 2019
Gratuity Plan - (Liability)	(148.05)	(220.94)	(134.70)
Provident Fund - Asset *	10.93	22.73	22.95
Post retirement medical benefits plan - (Liability)	(6.31)	(7.81)	(7.34)

*Plan assets has not been recognised in the financial statements, as the surplus of the trust is distributable among the beneficiaries of the provident fund trust.

C. Other long term employee benefits:

The amount provided for during the year is as follows:

Particulars	31 March 2021	31 March 2020	31 March 2019
Leave encashment	86.66	85.98	80.11

PARADEEP PHOSPHATES LIMITED
Annexure VI - Notes to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)
Note 32: Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' (Continued)
D. Reconciliation of the net defined benefit (asset)/ liability

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

Gratuity plan:

Particulars	31 March 2021			31 March 2020			31 March 2019		
	Defined benefit obligation	Fair value of plan assets	Benefit (liability)	Defined benefit obligation	Fair value of plan assets	Benefit (liability)	Defined benefit obligation	Fair value of plan assets	Benefit (liability)
Balance at the beginning of the year	(546.10)	325.16	(220.94)	(483.18)	348.48	(134.70)	(385.02)	340.18	(44.84)
Included in Profit or loss									
Current service cost	(23.32)	-	(23.32)	(23.27)	-	(23.27)	(22.93)	-	(22.93)
Past service cost	-	-	-	-	-	-	-	-	-
Net interest expense/income	(37.39)	22.26	(15.13)	(37.54)	27.07	(10.47)	(29.82)	26.35	(3.47)
	(60.71)	22.26	(38.45)	(60.81)	27.07	(33.74)	(52.75)	26.35	(26.40)
Included in OCI									
Return on plan assets (excluding amounts included in net interest expense)	-	0.24	0.24	-	(4.32)	(4.32)	-	(2.43)	(2.43)
Remeasurements loss (gain) due to experience adjustment	23.14	-	23.14	(41.40)	-	(41.40)	(25.60)	-	(25.60)
Changes in financial assumptions	(12.34)	-	(12.34)	(6.80)	-	(6.80)	(5.52)	-	(5.52)
Changes in demographic assumptions	-	-	-	0.02	-	0.02	0.29	-	0.29
	10.80	0.24	11.04	(48.18)	(4.32)	(52.50)	(30.83)	(2.43)	(33.26)
Others									
Benefits paid	37.94	(37.94)	-	46.07	(46.07)	-	17.05	(17.05)	-
Contributions by employer	-	100.00	100.00	-	-	-	-	1.43	1.43
Other adjustments	0.30	-	0.30	-	-	-	(31.63)	-	(31.63)
Balance at the end of the year	(557.77)	409.72	(148.05)	(546.10)	325.16	(220.94)	(483.18)	348.48	(134.70)

Post retirement medical benefits plan:

Particulars	31 March 2021			31 March 2020			31 March 2019		
	Defined benefit obligation	Fair value of plan assets	Benefit (liability)	Defined benefit obligation	Fair value of plan assets	Benefit (liability)	Defined benefit obligation	Fair value of plan assets	Benefit (liability)
Balance at the beginning of the year	(7.81)	-	(7.81)	(7.34)	-	(7.34)	(4.69)	-	(4.69)
Included in Profit or loss									
Current service cost	-	-	-	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-	-	-	-
Net interest expense/income	(0.53)	-	(0.53)	(0.56)	-	(0.56)	(0.36)	-	(0.36)
	(0.53)	-	(0.53)	(0.56)	-	(0.56)	(0.36)	-	(0.36)
Included in OCI									
Return on plan assets (excluding amounts included in net interest expense)	-	-	-	-	-	-	-	-	-
Remeasurements loss (gain) due to experience adjustment	2.06	-	2.06	0.81	-	0.81	0.05	-	0.05
Changes in financial assumptions	(0.03)	-	(0.03)	(0.68)	-	(0.68)	(2.34)	-	(2.34)
Changes in demographic assumptions	-	-	-	(0.04)	-	(0.04)	-	-	-
	2.03	-	2.03	0.09	-	0.09	(2.29)	-	(2.29)
Balance at the end of the year	(6.31)	-	(6.31)	(7.81)	-	(7.81)	(7.34)	-	(7.34)

PARADEEP PHOSPHATES LIMITED
Annexure VI - Notes to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)
Note 32: Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' (Continued)
Provident Fund:

Particulars	31 March 2021			31 March 2020			31 March 2019		
	Defined benefit obligation	Fair value of plan assets	Benefit asset	Defined benefit obligation	Fair value of plan assets	Benefit (liability)	Defined benefit obligation	Fair value of plan assets	Benefit (liability)
Balance at the beginning of the year	(1,912.44)	1,935.17	22.73	(1,790.85)	1,813.80	22.95	(1,620.72)	1,636.78	16.06
Included in Profit or loss									
Current service cost	(53.42)	-	(53.42)	(66.47)	-	(66.47)	(45.75)	-	(45.75)
Net interest expense/income	(167.08)	164.49	(2.59)	(149.90)	156.89	6.99	(145.99)	139.94	(6.05)
Return on plan assets (excluding amounts included in net interest expense)	-	2.09	2.09	-	(3.73)	(3.73)	-	3.57	3.57
Remeasurements loss (gain) due to experience adjustment	(11.39)	-	(11.39)	(3.09)	-	(3.09)	(1.13)	-	(1.13)
	(231.89)	166.58	(65.31)	(219.46)	153.16	(66.30)	(192.87)	143.51	(49.36)
Others									
Benefits paid	170.26	(170.26)	-	260.40	(260.40)	-	179.63	(179.63)	-
Contributions by employer	-	53.43	53.43	-	66.47	66.47	-	45.75	45.75
Contributions by participants	(119.00)	119.00	-	(147.60)	147.60	-	(119.55)	119.55	-
Other adjustments	(64.74)	64.82	0.08	(14.93)	14.54	(0.39)	(37.34)	47.84	10.50
Balance at the end of the year	(2,157.81)	2,168.74	10.93	(1,912.44)	1,935.17	22.73	(1,790.85)	1,813.80	22.95

E. Investment pattern in plan assets:

Particulars	31 March 2021		31 March 2020		31 March 2019	
	Gratuity Fund	Provident Fund	Gratuity Fund	Provident Fund	Gratuity Fund	Provident Fund
Investment with insurers	100.00%	20.40%	100.00%	7.20%	100.00%	2.80%
Investment in government securities	-	40.10%	-	44.30%	-	48.90%
Investment in corporate bonds	-	35.00%	-	43.10%	-	44.10%
Investment in mutual funds	-	0.40%	-	1.20%	-	0.00%
Investment in special deposit scheme	-	4.10%	-	4.10%	-	4.10%
Investment in equity shares	-	0.00%	-	0.10%	-	0.10%

F. Economic assumptions

Particulars	31 March 2021	31 March 2020	31 March 2019
	%	%	%
Discount rate:			
Gratuity plan	6.65%	6.85%	7.75%
Post retirement medical benefits	6.65%	6.70%	7.75%
Provident Fund	6.65%	6.85%	7.75%
Future salary increase:			
Gratuity plan	8% for first two years and 6.50% thereafter	8% for first two years and 6.50% thereafter	9% for first two years and 7.50% thereafter

PARADEEP PHOSPHATES LIMITED
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(All amounts are in rupees million, unless otherwise stated)

Note 32: Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits' (Continued)
G. Sensitivity analysis
Gratuity plan:

Gratuity plan:							
Particulars	31 March 2021		31 March 2020		31 March 2019		
Assumption: Discount rate							
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	
Impact on defined benefit obligation	(32.02)	35.91	(32.69)	36.61	(30.58)	34.26	
Assumption: Future salary increase							
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	
Impact on defined benefit obligation	28.14	(28.65)	31.06	(30.89)	31.10	(30.12)	

Post retirement medical benefits plan:

Particulars	31 March 2021		31 March 2020		31 March 2019	
Assumption: Discount rate						
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.50)	0.58	(0.64)	0.74	(0.58)	0.67

Provident Fund:

Provident Fund:						
Particulars	31 March 2021		31 March 2020		31 March 2019	
Assumption: Interest rate guarantee						
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	129.25	(20.93)	112.83	(9.55)	100.66	(5.53)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to mortality & withdrawals are not material and hence impact of change has not been calculated.

H. Maturity Profile of Defined benefit obligation:

Particulars	31 March 2021		31 March 2020		31 March 2019	
	Gratuity Fund	Post retirement medical benefits	Gratuity Fund	Post retirement medical benefits	Gratuity Fund	Post retirement medical benefits
Within next 12 months	60.41	0.42	48.60	0.49	43.51	0.49
Between 2 and 5 years	294.78	1.77	279.90	2.14	214.86	2.13
Between 6 and 10 years	309.12	2.43	336.06	2.95	339.88	2.99
Beyond 10 Years	251.96	6.52	262.47	8.49	321.23	9.31

The weighted average duration of the defined benefit plan obligation relating to gratuity at the end of the reporting period is 6 years (31 March 2020: 6 years, 31 March 2019: 7 years).

The Company expects to contribute Rs. 29.29 (31 March 2020: Rs. 28.80, 31 March 2019 : Rs 24.10) and Rs. 59.67 (31 March 2020: Rs. 71.80, 31 March 2019 : Rs 45.80) to gratuity trust and provident fund trust respectively in the next financial year.

I. Risk exposure

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above defined benefit which are as follows:

Interest rate risk	The present value of defined benefit obligation is determined using the discount rate based on the market yield prevailing at the end of the reporting period on Government Bonds. A decrease in yield will increase the fund liabilities and vice-versa.
Investment Risk	This may arise from volatility in the assets value due to market fluctuation and impairment of assets due to credit losses. These plan assets are invested with LIC - the valuation of which is inversely proportional to the interest rate movements.
Inherent risk	The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Withdrawal risk	Deviations in actual withdrawal than assumed withdrawals and change of withdrawal rates at subsequent valuation can impact plan liability.

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Note 33: Related Party Disclosure

A. Name of Related Parties

Holding Company

Zuari Maroc Phosphates Private Limited

Joint Venturer of the Holding Company

Zuari Agro Chemicals Limited
OCP S.A., Morocco

Subsidiary of the Joint Venturer of the Holding Company

Mangalore Chemicals and Fertilizers Limited
Zuari FarmHub Limited

Party having significant influence

Indian Furniture Products Limited
Zuari Global Limited
Zuari Management Services Limited
Zuari Insurance Broker Limited
Zuari Infraworld India Limited
Zuari Rotem Speciality Fertilizers Limited
Simon India Limited
Phosphates De Boucraa SA
Pakistan Maroc Phosphore
Jorf Fertilizer SA
Adventz Finance Private Limited

Joint Venture of Joint Venturer of the Holding Company

Indo Maroc Phosphare S.A. Morocco

Associate of the Company

Zuari Yoma Agri Solutions Limited (w.e.f. 15 June 2018)

Key Managerial Personnel

Mr. N. Suresh Krishnan, Managing Director (w.e.f. 16 February 2020)
Mr. Sunil Sethy, Managing Director (w.e.f. 1 August 2017 up to 15 February 2020)
Mr. Sailesh Pati, Chief Financial Officer
Mr. Ranjit Singh Chugh, Chief Operating Officer (w.e.f. 22 October 2018)
Mr. Suwendu Kumar Kar, Asst. Company Secretary (w.e.f. 18 May 2017 up to 1 October 2018)
Ms. Asheeba Pareira, Asst. Company Secretary (w.e.f. 5 February 2019 up to 8 August 2019)
Mr. Sisir Kumar Mishra, Company Secretary (w.e.f. 9 August 2019 up to 31 August 2020)
Mr. Sachin Patil, Company Secretary (w.e.f. 4 November 2020)

Directors

Mr. S. K. Poddar, Chairman
Mrs. Ghislane Guedira, Director
Mr. Harvinder Singh, Director - GOI- (w.e.f. 10 April 2018 up to 20 April 2020)
Mr. Mohamed Belhoussain, Director (upto 21 January 2021)
Mr. Mohamed Soual, Director (w.e.f. 3 February 2020)
Mr. Prabhas Kumar, Director - GOI
Mr. Vinay Kumar Pandey, Director - GOI (w.e.f. 20 April 2020)
Ms. Kiran Dhingra, Independent Director
Mr. Marco P.A. Wadia, Independent Director
Mr. Satyananda Mishra, Independent Director (w.e.f. 04 November 2020)

Enterprise where Director is interested

Lionel India Limited
Texmaco Rail & Engineering Limited

Employee benefit trust

PPL Employee's Provident Fund

B. Transactions *:

Name of Related Party	Sl. No.	Nature of Transactions	31 March 2021	31 March 2020	31 March 2019
Indo Maroc Phosphare S.A. Morocco	a)	Purchase of raw materials (Phosphoric acid)	6,065.12	1,641.53	3,247.29
	b)	Other expenses (Demurrage Expenses)	16.87	0.08	1.44
	c)	Other expenses (Demurrage Written back)	-	1.19	0.20
	d)	Re-imbursement of Expenses	-	-	6.03
	e)	Other expenses (Claims Written off)	-	-	0.44
	f)	Interest	3.00	-	-
OCP S.A., Morocco	a)	Purchase of raw materials (Rock phosphate)	2,303.12	3,941.68	2,363.83
	b)	Purchase of raw materials (Phosphoric acid)	3,377.94	1,547.06	4,437.68
	c)	Purchase of stock-in-trade (Imported DAP)	473.94	-	-
	d)	Other expenses (Demurrage expenses)	2.68	16.53	16.97
	e)	Other expenses (Demurrage Written back)	0.12	4.59	4.78
	f)	Interest	0.49	-	-
	g)	Reimbursement of expenses	-	-	10.88
Pakistan Maroc Phosphore SA	a)	Purchase of raw materials (Phosphoric acid)	-	-	771.71
	b)	Other expenses (Demurrage Expenses)	-	-	0.44
	c)	Interest	0.41	-	-

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B. Transactions (continued) :

Name of Related Party	Sl. No.	Nature of Transactions	31 March 2021	31 March 2020	31 March 2019
Phosphates De Boucraa S.A	a)	Purchase of raw materials (Rock phosphates)	6,584.59	4,660.16	5,604.08
	b)	Other expenses (Demurrage Expenses)	7.46	4.65	30.23
	c)	Other expenses (Demurrage Written back)	-	3.48	8.58
	d)	Reimbursement of expenses	-	-	5.55
	e)	Interest	1.52	-	-
Jorf Fertiliser SA	a)	Purchase of raw materials (Phosphoric acid)	236.37	818.65	599.61
	b)	Purchase of stock-in-trade (Imported DAP)	1,965.82	-	-
	c)	Other expenses (Demurrage Expenses)	2.04	7.50	0.19
	d)	Other expenses (Reimbursement of expenses)	-	-	0.57
	e)	Interest	0.51	-	-
Zuari Yoma Agri Solutions Limited	a)	Purchase of Ordinary shares	-	35.66	0.90
	b)	Reimbursement of expenses	-	0.42	5.20
Zuari Agro Chemicals Limited	a)	Sale of fertilizers	336.55	749.61	1,625.05
	b)	Sale of phosphoric acid and muriate of phosphate	4,814.80	-	-
	c)	Purchase of stock-in-trade	3,060.61	985.69	2,425.96
	d)	Other expenses (Demurrage Expenses)	-	1.26	-
	e)	Purchase of raw materials (Discount claim)	-	-	87.41
	f)	Bank charges(net)	-	-	1.84
	g)	Interest income on overdue receivable	-	75.87	153.24
	h)	Other Expenses (Reimbursement of expenses)	1.76	25.04	44.15
	i)	Other expenses (Branding commission)	53.62	31.98	11.07
	j)	Other expenses (Exchange loss)	2.04	-	2.25
	k)	Purchase of stock-in-trade (fertilizers)	-	-	0.68
Simon India Limited	a)	Purchase of fixed asset	-	2.42	41.22
	b)	Retention money	-	12.47	-
	c)	Other Expenses (Reimbursement of expenses)	10.47	0.04	-
Zuari Global Limited	a)	Other Expenses (Reimbursement of expenses)	21.52	-	-
Zuari Management Services Limited	a)	Other Expenses (Reimbursement of expenses)	51.95	48.24	44.88
Mangalore Chemicals and Fertilizers Limited	a)	Sale of fertilizer and sulphuric acid	-	-	149.20
	b)	Purchase of stock-in-trade (fertilizers)	34.39	46.31	48.19
	c)	Other Expenses (Bank charges)	-	-	1.51
	d)	Other income (Interest income on receivable)	0.69	-	-
	e)	Other Expenses (Reimbursement of expenses)	1.25	14.01	-
	f)	Other expenses (Exchange loss)	-	-	3.47
	g)	Other expenses	0.58	-	0.01
Lionel India Limited	a)	Other expenses (Purchase of air ticket)	2.09	12.53	22.67
Texmaco Rail & Engineering Limited	a)	Other Expenses (Reimbursement of expenses)	0.40	0.84	0.68
Adventz Finance Private Limited	a)	Other Expenses (Reimbursement of expenses)	6.18	4.38	-
	b)	Security deposit	-	4.20	-
Zuari Maroc Phosphates Private Limited	a)	Dividend paid	-	462.96	462.96
	b)	Other Expenses (Reimbursement of expenses)	0.37	-	-
PPL Employee's Provident Fund	a)	Employee benefits expense (Contribution to provident fund)	53.43	66.47	45.75
Mr N Suresh Krishnan	a)	Managerial remuneration *	22.72	2.27	-
Mr Sunil Sethy	a)	Managerial remuneration *	2.67	7.10	9.00
Mr Ranjit Singh Chugh	a)	Remuneration *	17.23	15.50	5.53
Mr Sailesh Pati	a)	Remuneration *	6.51	5.91	4.91
Ms Asheeba Pereira	a)	Remuneration *	-	0.19	0.07
Mr Sisir Kumar Mishra	a)	Remuneration *	1.33	2.00	-
Mr Sachin Patil	a)	Remuneration *	0.75	-	-
Mr Suvendu Kumar Kar	a)	Remuneration *	-	-	0.38
Mr Kiran Dhinra	a)	Director Sitting Fee	0.40	0.35	0.35
Mr Marco P.A. Wadia	a)	Director Sitting Fee	0.40	0.35	0.35
Mr Satyananda Mishra	a)	Director Sitting Fee	0.08	-	-

* The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefits as these are determined on the basis of actuarial valuation report for the Company as a whole.

C. Balance outstanding

Particulars	Sl. No.	Nature of Transactions	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Indo Maroc Phosphate S.A. Morocco	a)	Trade payables - Purchase of raw material	787.94 Cr	387.96 Cr	31.76 Cr
	b)	Claims receivable	38.87 Dr	-	-
OCP S.A., Morocco	a)	Trade Payable - Purchase of raw material (net of claims settled & received)	2,286.72 Cr	1,270.34 Cr	1,792.80 Cr
	b)	Claims receivable	726.50 Dr	466.36 Dr	526.33 Dr
	c)	Advance to vendors - Reimbursement of expenses	0.08 Dr	0.08 Dr	0.08 Dr
Pakistan Maroc Phosphate SA	a)	Trade payables - Purchase of raw material	0.87 Cr	0.49 Cr	0.44 Cr
Phosphates De Boucraa S.A	a)	Trade Payables - Purchase of raw material	1,395.40 Cr	670.52 Cr	1,441.18 Cr
	b)	Claims receivable	797.56 Dr	164.10 Dr	430.13 Dr

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C. Balance outstanding (continued)

Particulars	Sl. No.	Nature of Transactions	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Jorf Fertiliser SA	a)	Trade Payables - Purchase of raw material	8.56 Cr	8.34 Cr	318.50 Cr
	b)	Trade Payables - Purchase of stock-in-trade	2.04 Dr	-	-
	c)	Claims receivable	23.98 Dr	21.21 Dr	1.99 Dr
Zuari Yoma Agri Solutions Limited	a)	Purchase of ordinary shares	36.56 Dr	36.56 Dr	0.90 Dr
	b)	Other receivable - Reimbursement of expenses	5.62 Dr	5.62 Dr	5.20 Dr
Zuari Agro Chemicals Limited	a)	Trade receivables - Sale of fertilizers	3,452.42 Dr	3,538.41 Dr	2,958.97 Dr
	b)	Other current assets	1,754.20 Dr	-	-
	c)	Trade Payables - Purchase of stock-in-trade	62.96 Cr	62.96 Cr	-
	d)	Advance to vendors - Purchase of stock-in-trade	-	-	1,072.74 Dr
	e)	Trade payables - Demurrage	2.17 Dr	2.17 Dr	-
	f)	Advance to vendors - Demurrage	-	-	0.91 Dr
	g)	Trade Payable - Discount	87.40 Dr	87.41 Dr	-
	h)	Claims receivable	29.40 Dr	-	87.41 Dr
	i)	Trade receivables - Bank charges(net)	1.84 Dr	1.84 Dr	-
	j)	Advance to vendors - Bank charges(net)	-	-	1.83 Dr
	k)	Interest receivables	254.96 Dr	254.96 Dr	179.10 Dr
	l)	Trade payables - Reimbursement of expenses	90.94 Cr	89.08 Cr	72.82 Cr
	m)	Trade payables - Branding commission	100.20 Cr	46.57 Cr	14.59 Cr
	n)	Trade Payable - Exchange loss	0.20 Cr	2.25 Cr	2.25 Cr
	o)	Trade Payable - Purchase of fertilizer	0.77 Dr	0.77 Dr	-
	p)	Advance to vendors - Purchase of fertilizer	-	-	0.76 Dr
	q)	Advance to vendors - Purchase of seeds	-	-	9.04 Dr
	r)	Trade Payable - Purchase of seeds	9.05 Dr	9.05 Dr	-
Zuari FarmHub Limited	a)	Trade receivables - Sale of Fertilizers	66.06 Dr	-	-
Simon India Limited	a)	Capital advance - Purchase of fixed asset	2.42 Dr	2.42 Dr	-
	b)	Retention money	4.25 Cr	4.25 Cr	16.73 Cr
	c)	Trade Payable / Advance to vendors - Reimbursement of expenses	1.57 Cr	0.04 Dr	-
Zuari Management Services Limited	a)	Trade Payables - Reimbursement of expenses	4.35 Cr	-	3.91 Cr
Zuari Infracore India Limited	a)	Advance to vendors - Reimbursement of expenses	0.13 Dr	0.13 Dr	0.05 Dr
Mangalore Chemicals and Fertilizers Limited	a)	Trade receivables - Sale of fertilizer and raw material	-	-	37.12 Dr
	b)	Trade Payables - Purchase of fertilizer	7.65 Dr	0.92 Dr	85.67 Cr
	c)	Advance to vendors - Bank charges	-	-	1.51 Dr
	d)	Interest receivables	0.71 Dr	0.71 Dr	0.71 Dr
	e)	Trade Payables - Reimbursement of expenses	1.25 Dr	8.63 Cr	-
	f)	Advance to vendors - Other expenses	-	-	0.01 Dr
	g)	Trade payables - Other expenses	0.13 Cr	-	-
Lionel India Limited	a)	Trade payables - Purchase of air ticket	0.25 Cr	0.01 Cr	1.61 Cr
	b)	Earnest money/Security deposits	-	0.10 Cr	-
Texmaco Rail & Engineering Limited	a)	Trade payables - Reimbursement of expenses	-	-	0.06 Cr
	b)	Security deposit	-	0.16 Dr	-
Adventz Finance Private Limited	a)	Security deposit	4.20 Dr	4.20 Dr	-
Zuari Maroc Phosphates Private Limited	a)	Advance to vendors - Reimbursement of expenses	-	0.05 Dr	-
PPL Employee's Provident Fund	a)	Contribution to provident fund	4.64 Cr	4.52 Cr	3.20 Cr
Mr N Suresh Krishnan	a)	Managerial remuneration	3.97 Cr	-	-
Mr Sunil Sethy	a)	Managerial remuneration	-	-	-
Mr Ranjit Singh Chugh	a)	Remuneration	2.46 Cr	-	-
Mr Sailesh Pati	a)	Remuneration	0.82 Cr	-	-
Mr Sisir Kumar Mishra	a)	Remuneration	0.01 Cr	-	-
Mr Sachin Patil	a)	Remuneration	0.24 Cr	-	-

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Note 34: Financial instruments - Fair value of financial assets and financial liabilities
(a) Accounting classifications and fair values:

	Fair Value Hierarchy	31 March 2021	31 March 2020	31 March 2019
Derivative financial liabilities	Level 2	159.15	-	355.72
Investments	Level 2	1,220.40	-	-
Derivative financial assets	Level 2	-	342.17	-

Particulars	31 March 2021			31 March 2021		
	FVTPL	FVOCI	Amortised cost *	Level 1	Level 2	Level 3
Current financial assets						
Trade receivables	-	-	11,555.94	-	-	-
Cash and cash equivalents	-	-	915.25	-	-	-
Other bank balances	-	-	16.73	-	-	-
Other current financial assets						
Claims receivable	-	-	1,692.86	-	-	-
Investments	1,220.40	-	-	-	1,220.40	-
Interest receivable on deposits, receivables etc	-	-	260.71	-	-	-
Other receivables from related parties	-	-	5.62	-	-	-
Total financial assets	1,220.40	-	14,447.11	-	1,220.40	-
Financial liabilities						
Non-current financial liabilities						
Borrowings	-	-	1,895.01	-	-	-
Other non-current financial liabilities	-	-	1.01	-	-	-
Current financial liabilities						
Borrowings	-	-	10,616.71	-	-	-
Trade and other payables	-	-	9,780.70	-	-	-
Derivatives financial liabilities	159.15	-	-	-	159.15	-
Security deposits	-	-	280.03	-	-	-
Total financial liabilities	159.15	-	22,573.46	-	159.15	-

Particulars	31 March 2020			31 March 2020		
	FVTPL	FVOCI	Amortised cost *	Level 1	Level 2	Level 3
Current financial assets						
Trade receivables	-	-	21,489.01	-	-	-
Cash and cash equivalents	-	-	40.86	-	-	-
Other bank balances	-	-	17.32	-	-	-
Other current financial assets						
Derivative financial asset	342.17	-	-	-	342.17	-
Claims receivable	-	-	827.75	-	-	-
Interest receivable on deposits, receivables etc	-	-	260.98	-	-	-
Other receivables from related parties	-	-	5.62	-	-	-
Total financial assets	342.17	-	22,641.54	-	342.17	-
Non-current financial liabilities						
Borrowings	-	-	2,188.79	-	-	-
Other non-current financial liabilities	-	-	1.51	-	-	-
Current financial liabilities						
Borrowings	-	-	20,790.71	-	-	-
Trade and other payables	-	-	8,487.49	-	-	-
Security deposits	-	-	183.14	-	-	-
Total financial liabilities	-	-	31,651.64	-	-	-

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Note 34: Financial instruments - Fair value of financial assets and financial liabilities (Continued)

Particulars	31 March 2019			31 March 2019		
	FVTPL	FVOCI	Amortised cost *	Level 1	Level 2	Level 3
Current financial assets						
Trade receivables	-	-	23,421.46	-	-	-
Cash and cash equivalents	-	-	187.40	-	-	-
Other bank balances	-	-	13.75	-	-	-
Other current financial assets						
Claims receivable	-	-	1,073.73	-	-	-
Interest receivable on deposits, receivables etc	-	-	185.16	-	-	-
Other receivables from related parties	-	-	5.20	-	-	-
Total financial assets	-	-	24,886.70	-	-	-
Non-current financial liabilities						
Borrowings	-	-	2,881.08	-	-	-
Other non-current financial liabilities	-	-	9.31	-	-	-
Current financial liabilities						
Borrowings	-	-	28,348.89	-	-	-
Trade and other payables	-	-	7,661.10	-	-	-
Derivatives financial liabilities	355.72	-	-	-	355.72	-
Security deposits	-	-	145.06	-	-	-
Total financial liabilities	355.72	-	39,045.44	-	355.72	-

* The carrying amounts of these financial instruments are a reasonable approximation of their fair value.

The fair value of investments in mutual funds is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published NAV statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which the issuer will redeem such units from the investors.

The fair value of derivatives is determined using quoted forward exchange rates at the reporting date.

There has been no transfer between level 1, level 2 and level 3 during the year.

(b) Class of the carrying amounts and fair value of the Company's financial instruments:

Particulars	Carrying value			Fair value		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Financial assets						
Investments	1,220.40	-	-	1,220.40	-	-
Others:						
Derivative financial assets	-	342.17	-	-	342.17	-
Total financial assets	1,220.40	342.17	-	1,220.40	342.17	-
Financial liabilities						
Borrowings						
Long term borrowings (Floating rate)	1,895.01	2,188.79	2,881.08	1,895.01	2,188.79	2,881.08
Others:						
Derivative financial liabilities	159.15	-	355.72	159.15	-	355.72
Employee related dues	1.01	1.51	9.31	1.01	1.51	9.31
Total financial liabilities	2,055.17	2,190.30	3,246.11	2,055.17	2,190.30	3,246.11

The management assessed that cash and cash equivalents, other bank balance, trade receivables, other current financial assets (except derivative financial assets), trade payables, short term borrowings and other current financial liabilities (except derivative financial liabilities) approximate their fair value largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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Note 35: Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative contracts. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's risk management is carried out by treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

A Credit risk

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

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the guidelines framed by the board of directors of the Company. Guidelines broadly covers the selection criterion and over all exposure which the Company can take with a particular financial institution or bank. Further the guideline also covers the limit of overall deposit which the Company can make with a particular bank or financial institution. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Trade receivables

The Company receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigates the credit risk to some extent.

Reconciliation of loss allowance on:	Trade receivables amount	Other financial assets amount
Balance as at 1 April 2018	144.90	20.98
Movement during the year	71.85	-
Balance as at 31 March 2019	216.75	20.98
Movement during the year	65.91	-
Balance as at 31 March 2020	282.66	20.98
Movement during the year	65.24	-
Balance as at 31 March 2021	347.90	20.98

B Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2021:

Particulars	Carrying amount	Less than 1 year	1-5 Years	> 5 years
Trade payables	9,395.32	9,395.32	-	-
Borrowings (including current maturities of non-current borrowings)	12,511.72	11,377.61	1,134.11	-
Other financial liabilities	825.57	825.57	-	-
Total	22,732.61	21,598.50	1,134.11	-

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2020:

Particulars	Carrying amount	Less than 1 year	1-5 Years	> 5 years
Trade payables	8,061.44	8,061.44	-	-
Borrowings (including current maturities of non-current borrowings)	22,990.71	21,590.71	1,400.00	-
Other financial liabilities	610.70	610.70	-	-
Total	31,662.85	30,262.85	1,400.00	-

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2019 :

Particulars	Carrying amount	Less than 1 year	1-5 Years	> 5 years
Trade payables	7,079.39	7,079.39	-	-
Borrowings (including current maturities of non-current borrowings)	31,229.97	29,041.17	2,188.80	-
Other financial liabilities	1,099.71	1,085.84	13.87	-
Total	39,409.07	37,206.40	2,202.67	-

PARADEEP PHOSPHATES LIMITED**Annexure VI - Notes to the Restated Consolidated Financial Information***(All amounts are in rupees million, unless otherwise stated)***Note 35: Financial instruments - financial risk management (continued)****C Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis exclude the impact of movements in other market variables. Refer sensitivity analyses below.

The following assumptions have been made in calculating the sensitivity analysis:

-The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021, 31 March 2020, 31 March 2019.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR, with all other variables held constant. The impact on the Company's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. Refer Note 37 for details on foreign currency exposure.

	Profit and loss		
	31 March 2021	31 March 2020	31 March 2019
INR/USD strengthening [5% movement]	(155.13)	(206.52)	(34.14)
INR/USD weakening [5% movement]	155.13	206.52	34.14
INR/EURO strengthening [5% movement]	-	(2.05)	-
INR/EURO weakening [5% movement]	-	2.05	-

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages fund requirements and performs sensitivity analysis to keep interest rate risk within limits.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax and equity is affected through the impact on floating rate borrowings, as follows:

Particulars	Profit or loss		
	31 March 2021	31 March 2020	31 March 2019
INR Borrowings			
Variable rate instruments - increase by 50 basis points	(9.48)	(63.86)	(95.75)
Variable rate instruments - decrease by 50 basis points	9.48	63.86	95.75
Foreign Currency Borrowings			
Variable rate instruments - increase by 50 basis points	(53.08)	(49.18)	(49.22)
Variable rate instruments - decrease by 50 basis points	53.08	49.18	49.22

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(c) Commodity price risk

The Company's operating activities require the ongoing purchase of rock phosphates, phosphoric acid, sulphur and mauratic potash. All being international commodities is subject to price fluctuation on account of the change in the demand supply pattern and exchange rate fluctuations. The Company is not affected by the price volatility of the raw materials as government on a time to time basis, revises the subsidy rates payable to the fertilizer industry based on the market trend.

PARADEEP PHOSPHATES LIMITED
Annexure VI - Notes to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)
Note 36: Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital keeping in view the adequate interest and debt service cover ratio.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

Note 37: Unhedged foreign currency exposure

(a) Forward contract outstanding as at 31 March 2021, against import of goods is Rs. 12,388.94 (31 March 2020: Rs. 9,920.86, 31 March 2019: Rs. 12,019.42).

(b) Details of un-hedged foreign currency exposure as on the Balance Sheet date are as follows:

	31 March 2021			31 March 2020			31 March 2019		
	USD	EURO	Rs.	USD	EURO	Rs.	USD	EURO	Rs.
Liabilities:									
Trade Payable and Creditors for Property Plant and Equipment (including acceptance)	38.46	-	2,812.17	38.32	0.49	2,940.33	12.02	-	830.98
Short term borrowings- Buyers and Suppliers Credit	26.60	-	1,944.84	26.81	-	2,028.77	13.11	-	906.39
Other Interest accrued but not due on borrowings	0.09	-	6.79	0.38	-	28.47	0.28	-	19.30
Assets:									
Claims recoverable	22.75	-	1,663.54	10.93	-	826.93	15.53	-	1,073.94

Note 38: Reconciliation of liabilities from financing activities.

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at the beginning of the year			
- Non-current borrowings	2,188.79	2,881.08	3,471.22
- Current borrowings	20,790.71	28,348.89	15,134.73
Cash flows			
- Proceeds/(Repayment) of non-current borrowings	(300.00)	(692.29)	(590.15)
- Proceeds/(Repayment) of current borrowings	(9,762.48)	(7,938.62)	13,117.82
Non-cash changes - represents foreign exchange fluctuation and unwinding of interest	(405.30)	380.44	96.35
Balance at the end of the year			
- Non-current borrowings	1,895.01	2,188.79	2,881.08
- Current borrowings	10,616.71	20,790.71	28,348.89

PARADEEP PHOSPHATES LIMITED
Annexure VI - Notes to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Note 39: Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of Restated Consolidated Financial Information' of Division II of Schedule III

As at and for the period 31 March 2021

Name of the Company	Net assets i.e. total assets minus total liabilities		Share in Profit or Loss		Share in Other comprehensive income		Share in total comprehensive income	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Company								
Paradeep Phosphates Limited	100.05%	18,283.80	100.09%	2,234.63	120.06%	8.50	100.16%	2,243.13
Associate								
Zuari Yoma Agri Solutions Limited	0.15%	27.86	-0.09%	(1.95)	-5.79%	(0.41)	-0.11%	(2.36)
Adjustments arising out of consolidation	-0.20%	(36.56)	0.00%	-	-14.27%	(1.01)	-0.05%	(1.01)
Total	100%	18,275.10	100%	2,232.68	100%	7.08	100%	2,239.76

As at and for the year 31 March 2020

Name of the Company	Net assets i.e. total assets minus total liabilities		Share in Profit or Loss		Share in Other comprehensive income		Share in total comprehensive income	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Company								
Paradeep Phosphates Limited	99.81%	16,004.11	100.43%	1,940.48	112.73%	(34.10)	100.23%	1,906.38
Associate								
Zuari Yoma Agri Solutions Limited	0.19%	31.23	-0.43%	(8.28)	-7.04%	2.13	-0.32%	(6.15)
Adjustments arising out of consolidation	-	-	-	-	-5.69%	1.72	0.09%	1.72
Total	100%	16,035.34	100%	1,932.20	100%	(30.25)	100%	1,901.95

As at and for the year 31 March 2019

Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss		Share in Other comprehensive income		Share in total comprehensive income	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Company								
Paradeep Phosphates Limited	100.00%	14,827.13	100.06%	1,590.53	100.00%	(23.13)	100.06%	1,567.40
Associate								
Zuari Yoma Agri Solutions Limited	0.00%	-	-0.06%	(0.90)	0.00%	-	-0.06%	(0.90)
Adjustments arising out of consolidation	0.00%	-	0.00%	-	0.00%	-	0%	-
Total	100%	14,827.13	100%	1,589.63	100%	(23.13)	100%	1,566.50

PARADEEP PHOSPHATES LIMITED**Annexure VI - Notes to the Restated Consolidated Financial Information***(All amounts are in rupees million, unless otherwise stated)***Note 40**

a) The Company, in an earlier year, had received an Arbitration Award in its favour in the matter of Cargo Charges Tariff dispute with Paradeep Port Trust (PPT) for the years 1993–1999. PPT in earlier year had appealed with the higher authorities against such award which was confirmed by the Appellate Authority. However, as against the above order, the PPT went into further appeal with the Hon'ble High Court of Odisha and the High Court in its interim order directed the Company not to execute award at this stage. The Company has not recognized this award as income in the Statement of Profit and Loss.

b) Paradeep Port Trust (PPT) proposed a revision in scale of rates applicable to the Company for cargo handling in the captive berth w.e.f. 1 April 1999. The matter was referred to Tariff Authority of Major Ports (TAMP) on mutual consent of the parties under the direction of Hon'ble High Court of Odisha. During the previous year, TAMP had finalized the rates, but PPT had not agreed with the order and proceeded with a writ petition before the Hon'ble High Court of Odisha against the said order. Pending disposal of the case, the Company has not recognized the amount receivable from PPT towards the excess amount paid over the applicable TAMP order.

Note 41

During the period, a sum of Rs. 15.13 (31 March 2020: Rs. 10.01, 31 March 2019: Rs. 8.43) including capital expenditure of Rs. 5.90 (31 March 2020: Rs. 0.23, 31 March 2019: Rs. 0.52) was spent on research and development (excluding depreciation charge).

Note 42**Financial year 2019-20**

The Country wide lockdown had been announced from March 25, 2020 due to COVID-19 pandemic. The Government Authorities gave relaxations to the manufacturing and distribution units of fertilizer companies. The Company's production, despatches, sales and market collections remained unaffected. The Company took several pro-active measures, namely by mobilizing its critical work force, locating them within factory premises and adopting stringent social distancing procedures. This helped the company to overcome manpower challenges faced due to lockdown. The Company has made an assessment of its capital and financial resources including liquidity position and ability to service debt and other financing arrangements for next one year. The Company has also assessed the recoverability of the carrying values of its assets such as property, plant and equipment, inventory, trade receivables, investments and other current assets as at balance sheet date and has concluded that there is no impact of COVID-19 thereon. Further, the Company has also evaluated impact of COVID-19 on internal financial controls over financial statements and concluded that there is no impact of Covid-19 thereon. The Company would continue to monitor and assess the impact of COVID-19.

Financial year 2020-21

The Company has taken into account potential impacts of COVID-19 in the preparation of the consolidated financial statements. Based on the information currently available there is no material impact on carrying amounts of its property, plant and equipment, inventory, trade receivables, investments and other current assets though management continue to monitor changes in future economic conditions. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements. Further, the Company has also evaluated impact of COVID-19 on internal financial controls over financial statements and concluded that there is no impact of COVID-19 thereon. The Company would continue to monitor and assess the impact of COVID-19.

Note 43**Financial year 2019-20**

Receivables include Rs. 3,693.74 (net) due from Zuari Agro Chemicals Limited (ZACL), a related party. ZACL has confirmed the outstanding balance which is in agreement with the books of the Company. The Company's management has discussed a plan for the settlement of these dues with ZACL. Pursuant to the settlement plan, the Board of Directors of the Company, in its meeting held on 18 June 2020, among other steps, has given an in-principle approval for acquisition of certain assets of ZACL on slump sale basis. The Company, therefore, believes that the amount outstanding will be fully recovered through such settlement, in due course of time.

Financial year 2020-21

Receivables include Rs. 3,583.70 (net) due from Zuari Agro Chemicals Limited (ZACL), a related party. ZACL has confirmed the outstanding balance which is in agreement with the books of the Company. The Company's management has discussed a plan for the settlement of these dues with ZACL. Pursuant to the settlement plan, the Company, among other steps, has entered into a business transfer agreement with ZACL on 1st March 2021, as approved by the Board of Directors of the Company as well as ZACL, for acquisition of certain assets of ZACL on slump sale basis. As per the terms of the agreement, the receivable from ZACL would be adjusted against the final purchase consideration payable for the proposed acquisition and accordingly the Company believes that the receivable amount outstanding from ZACL would be fully recovered through such settlement, in due course of time.

Note 44

The Company, based on assessment of market conditions, during the year ended 31 March 2020 has valued stock of treated gypsum, a by-product, at a valuation of Rs. 1,315.46 in accordance with the recognition and valuation principles laid down in Ind AS 2 – "Inventories".

Note 45: Specified bank note

The disclosure regarding holdings and 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 2021, 31 March 2020 and 31 March 2019.

Note 46: The Restated Consolidated Financial Information were approved for issue by the board of directors on 10 August 2021.

As per our examination report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of

Paradeep Phosphates Limited

CIN: U24129OR1981PLC001020

Jayanta Mukhopadhyay

Partner

Membership No: 055757

Place: Kolkata

Date: 10 August 2021

N. Suresh Krishnan

Managing Director

DIN: 00021965

Place: Gurugram

Date: 10 August 2021

S.K. Poddar

Chairman

DIN: 00008654

Place: New Delhi

Date: 10 August 2021

Sachin Patil

Company Secretary

Place: Bengaluru

Date: 10 August 2021

PARADEEP PHOSPHATES LIMITED
Annexure VII - Statement of Adjustments to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Summarised below are the restatement adjustments made to the equity of the Audited Consolidated Financial Statements of the Company for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and their consequential impact on the equity of the Company:

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
A. Total equity before restatement as per audited Consolidated Financial Statements	18,275.10	16,035.34	14,827.13
B. Adjustments (refer note a, b, c and d below)	-	-	-
Material restatement adjustment	-	-	-
(i) Audit qualifications	-	-	-
(ii) Adjustments due to change in accounting policy / prior period items / other adjustments	-	-	-
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable	-	-	-
C. Total impact of restatement adjustments (i + ii + iii)	-	-	-
C. Total Equity as Restated Consolidated Statement of Assets and Liabilities (A+C)	18,275.10	16,035.34	14,827.13

Summarised below are the restatement adjustments made to the net profit of the Audited Consolidated Financial Statements of the Company for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and their consequential impact on the profit of the Company:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Profit after tax as per audited Consolidated Financial Statements	2,232.68	1,932.20	1,589.63
B. Adjustments (refer note a, b, c and d below)	-	-	-
Material restatement adjustment	-	-	-
(i) Audit qualifications	-	-	-
(ii) Adjustments due to change in accounting policy / prior period items / other adjustments	-	-	-
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable	-	-	-
C. Total impact of restatement adjustments (i + ii + iii)	-	-	-
D. Profit after tax as per Restated Consolidated Statement of Profit and Loss (A+C)	2,232.68	1,932.20	1,589.63

Notes to adjustments:

a) Adjustments for audit qualification: None

b) Significant errors, non-provisions, material regrouping and other adjustments: None

c) Changes in accounting policies:

The Company has adopted Ind AS 116 - Leases effective 1 April 2019. For the purpose of preparation of restated financial statements, management has also evaluated the impact of adoption of Ind AS 116 as at 1 April 2018 and for the year ended 31 March 2019. No material adjustments were identified for the purpose of restatement.

d) Non-adjusting items:

Audit Qualifications in Annexure to Auditors' Report, which do not require any corrective adjustments in the Restated Consolidated Financial Information:

In addition to the audit opinion on the consolidated financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government of India under sub-section (11) of Section 143 of Companies Act, 2013 for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 respectively. Certain statements/comments included in the annexure to the Auditors' report on the financial statements (i.e., CARO), which do not require any adjustments in the Restated Consolidated Financial Information are reproduced below in respect of the financial statements presented:

PARADEEP PHOSPHATES LIMITED
Annexure VII - Statement of Adjustments to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Financial year 2018-19

Clause (i) (c) of CARO 2016 Order

The title of deed of the immovable properties are held in the name of the Company except for the following:-

Type of immovable property	Gross block as at 31 March 2019	Net block as at 31 March 2019
Freehold Land measuring 178.06 acres	2.79	2.79

Clause (vii) (c) of CARO 2016 Order

There are no dues of Income-tax, Goods and services tax, Sales tax, Service tax, duty of custom, duty of excise and value added tax which have not been deposited by the Company on account of any dispute, except for the following:

Name of the statute	Nature of dues	Demand Amount	Amount deposited in dispute	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax demand	44.67	26.36	2010-11	Income Tax Appellate Tribunal
Central Sales Tax Act, 1956	CST Demand on branch transfers and disallowance of export sales	1,042.05	200.00	2005-06	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	CST demand on branch transfers	0.24	-	2003-04	Joint Commissioner, Sales Tax Appeal
Orissa Value Added Tax	Disallowance of input tax credit	5.20	-	April 2016 – June 2017	Additional Commissioner (Appeals)
Central Sales Tax Act, 1956	Demand of central sales tax	5.15	3.22	2013-14	Sales Tax Appellate Tribunal
Custom Act, 1962	Demand of CVD and SAD on sulphur which is not used in manufacture of fertilizer	12.34	1.00	2007-12	Customs Excise and Service Tax Appellate Tribunal
Finance Act 1994	Service tax demand	0.19	0.01	2013-14	Customs Excise and Service Tax Appellate Tribunal
Finance Act 1994	Service tax demand	5.21	0.39	2009-10, 2012-13, 2014-15 and 2015-16	Commissioner of CGST(Appeals)
Central Excise Act, 1944	Excise duty	23.41	1.76	2010-11	Customs Excise and Service Tax Appellate Tribunal

Financial year 2019-20

Clause (i) (c) of CARO 2016 Order

The title of deed of the immovable properties are held in the name of the Company except for the following:-

Type of immovable property	Gross block as at 31 March 2020	Net block as at 31 March 2020
Freehold Land measuring 178.06 acres	2.79	2.79

Clause (vii) (c) of CARO 2016 Order

There are no dues of Income-tax, Goods and services tax, Sales tax, Service tax, duty of custom, duty of excise and value added tax which have not been deposited by the Company on account of any dispute, except for the following:

Name of the statute	Nature of dues	Demand Amount	Amount deposited in dispute	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax demand	3.96	-	2008-09	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income tax demand	2.19	-	2009-10	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income tax demand	6.64	-	2010-11	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Income tax demand	4.63	-	2016-17	Commissioner of Income-tax (Appeals)
Central Goods and Services Tax Act, 2017	Goods and Services Tax Demand	199.99	-	July 2017 to January 2018	Orrisa High Court
Central Sales Tax Act, 1956	CST demand on branch transfers and disallowance of export sales	1,042.05	200.00	2005-06	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	CST Demand on Branch Transfers	0.24	-	2003-04	Joint Commissioner, Sales Tax Appeals
The Orissa Value Added Tax Act, 2004	Disallowance of Input tax credit	5.20	0.42	April 2016 – June 2017	Additional Commissioner (Appeals)
Maharashtra Value Added Tax Act, 2002	Disallowance of Input tax credit	0.20	0.01	2013-14	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Demand of Central Sales Tax	5.15	3.60	2013-14	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Demand of Central Sales Tax	2.67	0.99	2013-14	Sales Tax Appellate Tribunal
Custom Act, 1962	Demand of CVD and SAD on Sulphur which is not used in manufacture of fertilizer	12.34	1.00	2007-12	Customs Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax Demand	5.00	0.50	2009-10, 2012-13, 2014-15 and 2015-16	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	23.41	1.76	2010-11	Customs Excise and Service Tax Appellate Tribunal

PARADEEP PHOSPHATES LIMITED
Annexure VII - Statement of Adjustments to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Financial year 2020-21

Clause (i) (c) of CARO 2016 Order

The title of deed of the immovable properties are held in the name of the Company except for the following:-

Type of immovable property	Gross block as at 31 March 2021	Net block as at 31 March 2021
Freehold Land measuring 178.06 acres	2.79	2.79

Clause (vii) (c) of CARO 2016 Order

There are no dues of Income-tax, Goods and services tax, Sales tax, Service tax, duty of custom, duty of excise and value added tax which have not been deposited by the Company on account of any dispute, except for the following:

Name of the statute	Nature of dues	Demand Amount	Amount deposited in dispute	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax demand	6.64	-	2010-11	Commissioner of Income-tax (Appeals)
Central Goods and Services Tax Act, 2017	Goods and Services Tax Demand	199.99	-	July 2017 to January 2018	Orrisa High Court
Central Sales Tax Act, 1956	CST demand on branch transfers and disallowance of export sales	1,042.05	200.00	2005-06	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	CST Demand on Branch Transfers	0.24	-	2003-04	Joint Commissioner, Sales Tax Appeals
The Orissa Value Added Tax Act, 2004	Disallowance of Input tax credit	5.20	0.42	April 2016 – June 2017	Additional Commissioner (Appeals)
Maharashtra Value Added Tax Act, 2002	Disallowance of Input tax credit	0.10	0.01	2016-17	Deputy Commissioner Sales Tax (Appeals)
Central Sales Tax Act, 1956	Demand of Central Sales Tax	5.15	3.60	2013-14	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Demand of Central Sales Tax	2.67	0.99	2013-14	Deputy Commissioner Sales Tax (Appeals)
Custom Act, 1962	Demand of CVD and SAD on Sulphur which is not used in manufacture of fertilizer	12.34	1.00	2007-12	Customs Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax Demand	5.00	0.50	2009-10, 2012-13, 2014-15 and 2015-16	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	23.41	1.76	2010-11	Customs Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax Demand	8.88	0.67	April 2016 – June 2017	Commissioner Appeals (Central Excise, Customs & Service Tax)

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

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**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF
UNAUDITED PROFORMA CONDENSED COMBINED FINANCIAL INFORMATION
INCLUDED IN A DRAFT RED HERRING PROSPECTUS**

The Board of Directors

Paradeep Phosphates Limited

5th Floor, Odisha State Handloom Weavers' Co-operative Building

Pandit J.N. Marg

Bhubaneswar

Odisha – 751001

India

10 August 2021

**Report on the compilation of unaudited proforma condensed combined financial information
included in a Draft Red Herring Prospectus**

Opinion

We have completed our assurance engagement to report on the compilation of unaudited proforma condensed combined financial information of Paradeep Phosphates Limited prepared by the Management of the Company. The unaudited proforma condensed combined financial information consists of the unaudited proforma condensed combined balance sheet as at 31 March 2021, the unaudited proforma condensed combined statement of profit and loss (including other comprehensive income) for the year ended 31 March 2021 and select explanatory notes (collectively “unaudited proforma condensed combined financial information”), as set out in the Draft Red Herring Prospectus prepared by the Company in connection with its proposed Initial Public Offer of equity shares (“IPO”). The applicable criteria on the basis of which the Management has compiled the unaudited proforma condensed combined financial information are specified in clause (11)(I)(B)(iii) of Part A of Schedule VI Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “ICDR Regulations”) issued by Securities and Exchange Board of India (the “SEBI”) and described in Note 2 of unaudited proforma condensed combined financial information. Because of its nature, the unaudited proforma condensed combined financial information does not represent the Company’s actual financial position and financial performance.

The unaudited proforma condensed combined financial information has been compiled by the Management to illustrate the impact of the proposed acquisition of Fertilizer Division of Zuari Agro Chemicals Limited (ZACL) (“the Fertilizer Business”) from the proceeds of proposed Initial Public Offer of the Company (the “proposed transaction”) as set out in Note 2 of the unaudited proforma condensed combined financial information on the Company’s financial position as at 31 March 2021 and the Company’s financial performance for the year ended 31 March 2021 as if the transaction had taken place as at and for the year ended 31 March 2021. As part of this process, information about the Company’s financial position, financial performance have been extracted by the Management from the Company’s restated financial statements as at and for the year ended 31 March 2021. Information about the fertilizer business has been extracted and compiled by the Company from the audited special purpose carve-out financial statements of fertilizer business of Zuari Agro Chemicals Limited for the year ended 31 March 2021 prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act 2013 (“the Act”). The special purpose carve out financial statements have been audited by another firm of chartered accountants.

Management’s Responsibility for the unaudited proforma condensed combined financial information

Management is responsible for compiling the unaudited proforma condensed combined financial information on the basis as set out in Note 2 to the unaudited proforma condensed combined financial information which has been approved by the board of directors of the Company (the “**Board**”) on 10 August 2021. This responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the unaudited proforma condensed combined financial information on the basis as set out in Note 2 to the unaudited proforma condensed combined financial information that is free from material misstatement, whether due to fraud or error. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of unaudited proforma condensed combined financial Information.

Auditor’s Responsibilities

Our responsibility is to express an opinion, as required by ICDR Regulations, about whether the unaudited proforma condensed combined financial information has been compiled, in all material respects, by the Management on the basis as set out in Note 2 to the unaudited proforma condensed combined financial information.

We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Institute of Chartered Accountants of India (“ICAI”). This Standard requires that the Auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the unaudited proforma condensed combined financial information on the basis set out in Note 2 to the unaudited proforma condensed combined financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited proforma condensed combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited proforma condensed combined financial information.

Our work has not been carried out in accordance with the auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the ICDR Regulations in connection with the proposed IPO.

The purpose of the unaudited proforma condensed combined financial information included in the DRHP is solely to illustrate the impact of the above mentioned proposed acquisition of fertilizer business on unadjusted restated financial information of the Company as if the acquisition of fertilizer business had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the above mentioned acquisition as at and for the year ended 31 March 2021 would have been as presented.

A reasonable assurance engagement is to report on whether the unaudited proforma condensed combined financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the unaudited proforma condensed combined financial information provide a reasonable basis for presenting the significant effects directly attributable to the above mentioned acquisition, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The unaudited proforma condensed combined financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Auditor's judgement, having regard to the Auditor's understanding of the nature of the Company, the event or transaction in respect of which the unaudited proforma condensed combined financial information has been compiled, and other relevant engagement circumstances.

This report should not in any way be construed as re-issuance or re-dating of any of the previous audit reports issued by us on the financial statements of the Company referred in paragraph 2 above. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

The engagement also involves evaluating the overall presentation of the unaudited proforma condensed combined financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the unaudited proforma condensed combined financial information has been compiled, in all material respects, on the basis set out in note 2 of the unaudited proforma condensed combined financial information.

Emphasis of matter

1. We draw attention to Note 2 to the accompanying Unaudited Proforma Condensed Combined Financial Information with regard to use of Provisional purchase price allocation based on the fair value of the net asset acquired. All these balances specified in note 5 considered as adjustments to Unaudited Proforma Condensed Combined Financial Information, may change materially when the Company carries out the proposed transaction.
2. The auditors of the special purpose carve-out financial statements of Fertilizer Business have drawn attention in their report in respect of matter described in Note 4(ii) to the accompanying Proforma Condensed Consolidated Financial Information, wherein it is stated that in addition to net current liability position, there are events or conditions which indicate that a material uncertainty exists that may cast significant doubt on Fertilizer Division of the Company's ability to continue as a going concern. It also describes the mitigating factors considered by the management in its assessment, in view of which the Special Purpose Carve Out financial statements have been prepared under the going concern assumption. The opinion of the auditors of the special purpose carve-out financial statements of Fertilizer Business is not modified in respect of this matter.
3. The auditors of special purpose carve-out financial statements of Fertilizer Business have drawn attention in their report in respect of matter described in Note 4(i) to the accompanying Unaudited Proforma Condensed Combined Financial Information, wherein it is stated that a Business Transfer Agreement (BTA) was executed on March 01, 2021 and further amended vide addendum dated July 30, 2021 between Zuari Agro Chemicals Limited ("ZACL") and the Company for sale and transfer of Fertilizer Business to the Company on a going concern basis, under a slump sale arrangement. The transfer to the Company is subject to the satisfaction of conditions precedent as stipulated in the BTA. Pending receipt of certain approvals, no adjustments to the carrying value of assets and liabilities have been made that may arise in case such approvals are not received. The opinion of the auditors of the special purpose carve-out financial statements of Fertilizer Business is not modified in respect of this matter.
4. The auditors of special purpose carve-out financial statements of Fertilizer Business have drawn attention in their report in respect of matter described in Note 4(iv) to the accompanying Unaudited Proforma Condensed Combined Financial Information, wherein the Fertilizer Business is carrying a receivable in relation to the subsidy income accrued during the year ended 31 March 2013. Based on the legal opinion obtained, the management of Fertilizer Business believes that the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount, no provision has been made in this regard in the Fertilizer Business's special purpose carve-out financial statements. The opinion of the auditors of the special purpose carve-out financial statements of Fertilizer Business is not modified in respect of this matter.
5. The auditors of special purpose carve-out financial statements of Fertilizer Business have drawn attention in their report in respect of matter described in Note 4(v) to the accompanying Unaudited Proforma Condensed Combined Financial Information, regarding Goods and Services Tax ('GST') credit on input services recognized for Fertilizer Business which has been assessed to be recoverable based on a legal opinion obtained. A writ petition has also been filed in the High Court of Bombay at Goa. The opinion of the auditors of the special purpose carve-out financial statements of Fertilizer Business is not modified in respect of this matter.

6. The auditors of special purpose carve-out financial statements of Fertilizer Business have drawn attention in their report in respect of matter described in Note 4(iii) to the accompanying Unaudited Proforma Condensed Combined Financial Information, which describes the management's assessment of the impact of the uncertainties related to outbreak of Covid-19 on the future business operations of the fertilizer business. The opinion of the auditors of the special purpose carve-out financial statements of Fertilizer Business is not modified in respect of this matter.

Our opinion is not modified in respect of these matters.

Other Matter

The special purpose audited carve-out financial statements of the Fertilizer Business for the year ended 31 March 2021 used by the management of the Company for compilation of Unaudited Proforma Condensed Combined Financial Information was audited by other auditors, S.R. Batliboi & Co. LLP, whose report has been furnished to us by the management of the Company and our opinion on the unaudited proforma condensed combined financial information, in so far as it relates to the amounts and disclosure included in respect of special purpose audited carve-out financial statements of the Fertilizer Business, is based solely on the report of the other auditors.

Restriction of use

Our report is intended solely for use of the Board of Directors for inclusion in the Draft Red Herring Prospectus to be filed with SEBI in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. The unaudited proforma condensed combined financial information is not a complete set of financial statements of the Company prepared in accordance with the Ind AS prescribed under Section 133 of the Act, as applicable and is not intended to give a true and fair view of the financial position of the Company as at 31 March, 2021, and of its financial performance (including other comprehensive income) for the year ended 31 March, 2021 in accordance with the Ind AS prescribed under Section 133 of the Act, as applicable. As a result, this unaudited proforma condensed combined financial information may not be suitable 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 B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership Number: 055757

ICAI UDIN: 21055757AAAADD4506

Place: Kolkata

Date: 10 August 2021

PARADEEP PHOSPHATES LIMITED**Unaudited Proforma Condensed Combined Financial Information as at and for the year ended 31 March 2021**

Paradeep Phosphates Limited ("the Company") (PPL) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is a subsidiary company of Zuari Maroc Phosphates Private Limited (a joint venture of Zuari Agro Chemicals Limited and OCP S.A., Morocco). The registered office of the Company is located at Bayan Bhawan, Pandit Jawaharlal Nehru Marg, Bhubaneswar - 751001- Odisha.

Zuari Agro Chemicals Limited ("ZACL") is a public company domiciled in India. The Board of Directors of ZACL at their meeting held on 22 February 2021 approved the sale and transfer of ZACL's fertilizer business (hereinafter referred to as the "Fertilizer Business") to the Company on a going concern basis. The Fertilizer Business represents manufacturing plants of ZACL situated at Goa and associated businesses of ZACL and refers to business of developing, manufacturing and trading of Urea and NPK products carried out at the Plant, including the Purchased Assets (excluding 'Jai Kisaan' trade mark), Transferred Employees and the Assumed Liabilities. Zuari Agro Chemicals Limited holds 40.23% of equity shares of the Company through its Joint Venture Zuari Maroc Phosphates Private Limited (ZMPPL) and is its largest shareholder alongwith OCP S.A. PPL and ZACL have certain directors in common.

The Unaudited Proforma Condensed Combined Financial Information which comprises of unaudited proforma condensed combined balance sheet as at 31 March 2021, unaudited proforma condensed combined statement of profit and loss for the year ended 31 March 2021 and explanatory notes thereto, have been prepared to reflect the impact of proposed acquisition of the Fertilizer Business as a going concern on a slump sale basis to be made from the proceeds of the Initial Public Offering (IPO) of the Company. The Unaudited Proforma Condensed Combined Financial Information have been prepared specifically for inclusion in the Draft Red Herring Prospectus to be filed by the Company in connection with proposed Initial Public Offering ("IPO") to reflect the impact of the proposed acquisition.

These unaudited proforma condensed combined financial information has been prepared using the principles as prescribed under Ind AS 103 "Business Combinations" wherein the proposed acquisition of Fertilizer Business has been accounted for under the acquisition method in accordance with Ind AS 103 'Business Combinations'. Accordingly, the company has provisionally allocated the purchase consideration to the estimated fair value of assets acquired and liabilities assumed from the ZACL fertilizer unit at Goa and recognised the difference between purchase consideration and net assets as goodwill in the unaudited proforma condensed combined financial information as at 31 March 2021.

The unaudited proforma adjustments are based on available information and assumptions that the management of the Company believes to be reasonable. Such unaudited proforma condensed combined financial information has not been prepared in accordance with generally accepted accounting principles including accounting standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been prepared in accordance with those principles and standards. Accordingly, the degree of reliance placed by anyone in other jurisdictions on such unaudited proforma condensed combined information should be limited. In addition, the rules and regulations related to the preparation of unaudited proforma condensed combined financial information in other jurisdictions may also vary significantly from the basis of preparation of these proforma condensed combined financial information.

PARADEEP PHOSPHATES LIMITED
Unaudited Proforma Condensed Combined Balance Sheet as at 31 March 2021
(All amounts are in rupees million, unless otherwise stated)

		Paradeep Phosphates Limited (Consolidated Financial Information) Historical	Fertilizer plant at Goa of Zuari Agro Chemicals Limited (Special purpose carve-out financial information) Historical	Proforma adjustments	Proforma Condensed Combined Financial Information
	Note	(A)	(B)	(C)	F = (A+B+E)
ASSETS					
I. Non-current assets					
(a) Property, plant and equipment	5(b)(i)	12,251.04	3,719.49	10,565.86	26,536.39
(b) Capital work-in-progress		2,200.60	1,252.39	-	3,452.99
(c) Goodwill	5(a)	-	-	762.22	762.22
(d) Intangible assets		11.06	12.46	-	23.52
(e) Intangible assets under development			0.35	-	0.35
(f) Equity accounted investment		27.85	-	-	27.85
(g) Financial assets					
(i) Loans		-	25.71	-	25.71
(h) Other non-current assets		232.14	6.63	-	238.77
(i) Income tax assets (net)		124.70	-	-	124.70
Total non-current assets		14,847.39	5,017.03	11,328.08	31,192.50
II. Current assets					
(a) Inventories	5(b)(ii) and 5(c)	8,990.54	2,239.31	0.10	11,229.95
(b) Financial assets					
(i) Investments		1,220.40	-	-	1,220.40
(ii) Trade receivables	5(c)	11,555.94	3,758.71	(3,452.88)	11,861.77
(iii) Cash and cash equivalents		915.25	-	-	915.25
(iv) Bank balances other than (ii) above		16.73	-	-	16.73
(v) Loans		-	1.08	-	1.08
(vi) Other financial assets	5(c)	1,959.19	268.25	(284.36)	1,943.08
(c) Other current assets	5(c)	4,723.80	1,800.09	(1,754.20)	4,769.69
(d) Assets classified as held for sale		2.43	-	-	2.43
Total current assets		29,384.28	8,067.44	(5,491.34)	31,960.38
Total assets (I+II)		44,231.67	13,084.47	5,836.74	63,152.88
EQUITY AND LIABILITIES					
I. Equity					
(a) Equity share capital		5,754.50	-	-	5,754.50
(b) Other equity	5(b)(iii) and 5(c)	12,520.60	(3,153.93)	2,822.92	12,189.59
Total equity		18,275.10	(3,153.93)	2,822.92	17,944.09
II. Liabilities					
(1) Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings		1,134.11	135.34	-	1,269.45
(ii) Other financial liabilities		1.01	-	-	1.01
(b) Other non-current liabilities		-	6.57	-	6.57
(c) Provisions		197.50	-	-	197.50
(d) Deferred tax liabilities (net)		930.12	-	-	930.12
Total non-current liabilities		2,262.74	141.91	-	2,404.65
(2) Current liabilities					
(a) Financial liabilities					
(i) Borrowings		10,616.71	-	-	10,616.71
(ii) Trade payables					
a. Total outstanding dues of micro enterprises and small enterprises		62.56	17.96	-	80.52
b. Total outstanding dues of creditors other than micro enterprises and small enterprises	5(c)	9,332.76	13,094.05	(5,255.00)	17,171.81
(iii) Other financial liabilities	5(b)(iv) and 5(c)	1,585.46	2,401.90	7,976.16	11,963.52
(b) Other current liabilities	5(b)(iii)	1,263.90	391.94	292.66	1,948.50
(c) Provisions		830.16	190.64	-	1,020.80
(d) Current tax liabilities (net)		2.28	-	-	2.28
Total current liabilities		23,693.83	16,096.49	3,013.82	42,804.14
Total liabilities		25,956.57	16,238.40	3,013.82	45,208.79
Total equity and liabilities (I+II)		44,231.67	13,084.47	5,836.74	63,152.88

Note: The above statement should be read with notes to Unaudited Proforma Condensed Combined Financial Information.

As per our of even date attached

 For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of

Paradeep Phosphates Limited

CIN: U241290R1981PLC001020

Jayanta Mukhopadhyay

Partner

Membership No: 055757

N. Suresh Krishnan

Managing Director

DIN: 00021965

S.K. Poddar

Chairman

DIN: 00008654

Sachin Patil

Company Secretary

Place: Kolkata

Date: 10 August 2021

Place: Gurugram

Date: 10 August 2021

Place: New Delhi

Date: 10 August 2021

Place: Bengaluru

Date: 10 August 2021

PARADEEP PHOSPHATES LIMITED
Unaudited Proforma Condensed Combined Statement of Profit and Loss for the year ended 31 March 2021
(All amounts are in rupees million, unless otherwise stated)

		Paradeep Phosphates Limited (Consolidated Financial Information) Historical	Fertilizer plant at Goa of Zuari Agro Chemicals Limited (Special purpose carve-out financial information) Historical	Proforma adjustments	Proforma Condensed Combined Financial Information
	Note	(A)	(B)	(C)	F = (A+B+E)
Income					
I. Revenue from operations	5(c)	51,647.34	22,193.86	(7,486.53)	66,354.67
II. Other income		192.06	261.01	-	453.07
III. Total income (I+II)		51,839.40	22,454.87	(7,486.53)	66,807.74
IV. Expenses					
Cost of materials consumed	5(c)	22,651.24	15,347.96	(4,578.28)	33,420.92
Purchases of stock-in-trade	5(c)	13,802.01	12.92	(2,908.25)	10,906.68
Changes in inventories of finished goods, work in progress and stock in-trade	5(c)	2,258.34	279.79	38.35	2,576.48
Employee benefits expense		1,391.90	677.48	-	2,069.38
Finance costs		1,114.25	2,032.85	-	3,147.10
Depreciation and amortisation expense	5(b)(i)	833.28	431.90	493.14	1,758.32
Other expenses	5(b)(iii)	6,121.39	5,070.56	292.66	11,484.61
Total expenses (IV)		48,172.41	23,853.46	(6,662.38)	65,363.49
V. Profit before share of equity accounted investee, exceptional item and tax (III-IV)		3,666.99	(1,398.59)	(824.15)	1,444.25
VI. Share of net profit/(loss) of associate accounted for using the equity method (net of tax)		(1.95)	-	-	(1.95)
VII. Profit before tax (V+VI)		3,665.04	(1,398.59)	(824.15)	1,442.30
VIII. Tax expense					
-Current tax		726.80	-	-	726.80
-Income tax (expenses)/credit for the earlier years (net)		(1.34)	-	-	(1.34)
-Deferred tax charge/(credit)		706.89	-	-	706.89
Total tax expense		1,432.35	-	-	1,432.35
IX. Profit for the year (VII-VIII)		2,232.69	(1,398.59)	(824.15)	9.95
X. Other comprehensive income / (loss)					
A Items that will be reclassified to profit or loss					
a) Exchange differences on translation of foreign operations		(1.42)	-	-	(1.42)
B. Items that will not be reclassified to profit or loss					
a) Remeasurement gain/(loss) of the defined benefit plans		13.07	4.50	-	17.57
b) Income tax on above		(4.57)	-	-	(4.57)
Total other comprehensive income/(loss) for the period/ year		7.08	4.50	-	11.58
XI. Total comprehensive income for the year (IX + X)		2,239.77	(1,394.09)	(824.15)	21.53
Profit attributable to:					
Owners of the Company		2,232.69	(1,398.59)	(824.15)	9.95
Non-controlling interest		-	-	-	-
		2,232.69	(1,398.59)	(824.15)	9.95
Other comprehensive income attributable to:					
Owners of the Company		7.08	4.50	-	11.58
Non-controlling interest		-	-	-	-
		7.08	4.50	-	11.58
Total comprehensive income attributable to:					
Owners of the Company		2,239.77	(1,394.09)	(824.15)	21.53
Non-controlling interest		-	-	-	-
		2,239.77	(1,394.09)	(824.15)	21.53
XII. Earnings per equity share (nominal value of ₹ 10 each)					
Basic [in Rs.]		3.88			0.02
Diluted [in Rs.]		3.88			0.02

Note: The above statement should be read with notes to Unaudited Proforma Condensed Combined Financial Information.

As per our of even date attached

 For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of

Paradeep Phosphates Limited

CIN: U241290R1981PLC001020

Jayanta Mukhopadhyay

Partner

Membership No: 055757

Place: Kolkata

Date: 10 August 2021

N. Suresh Krishnan

Managing Director

DIN: 00021965

Place: Gurugram

Date: 10 August 2021

S.K. Poddar

Chairman

DIN: 00008654

Place: New Delhi

Date: 10 August 2021

Sachin Patil

Company Secretary

Place: Bengaluru

Date: 10 August 2021

PARADEEP PHOSPHATES LIMITED

Notes to the Unaudited Proforma Condensed Combined Financial Information as at and for the year ended 31 March 2021

(All amounts are in rupees million, unless otherwise stated)

1. Background

Paradeep Phosphates Limited ("the Company") (PPL) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is a subsidiary company of Zuari Maroc Phosphates Private Limited (a joint venture of Zuari Agro Chemicals Limited and OCP S.A., Morocco). The registered office of the Company is located at Bayan Bhawan, Pandit Jawaharlal Nehru Marg, Bhubaneswar - 751001- Odisha. The Company's Corporate Identity Number is U241290R1981PLC001020 issued by Registrar of Companies, Cuttack, Odisha.

The Company is primarily engaged in the manufacture of Di-Ammonium Phosphate (DAP), Complex Fertilizers of NPK grades, and Zypmite (Gypsum based product) having its manufacturing facility at the port town of Paradeep, District Jagatsinghpur, Odisha. The Company is also involved in trading of fertilizers, ammonia, neutralized phospho gypsum, micronutrient and other materials. The Company caters to the demands of farmers all over the country through its "Navratna" brand of fertilizers. The Company has one associate incorporated in Myanmar under the name of Zuari Yoma Agri Solutions Limited.

Zuari Agro Chemicals Limited ("ZACL") is a public company domiciled in India. The Board of Directors of ZACL at their meeting held on 22 February 2021 approved the sale and transfer of ZACL's fertilizer business (hereinafter referred to as the "Fertilizer Business") to the Company on a going concern basis. The Fertilizer Business represents manufacturing plants of ZACL situated at Goa and associated businesses of ZACL and refers to business of developing, manufacturing and trading of Urea and NPK products carried out at the Plant, including the Purchased Assets (excluding 'Jai Kisaan' trade mark), Transferred Employees and the Assumed Liabilities. In accordance with the above, a Business Transfer Agreement ("BTA") was executed on 1 March 2021 between ZACL and PPL. Subsequent thereto, an addendum to Business Transfer Agreement dated 1 March 2021 was executed on 30 July 2021 between the Company and PPL (Business Transfer Agreement dated 1 March 2021 and addendum thereto dated 30 July 2021 are collectively referred as "BTA").

The Unaudited Proforma Condensed Combined Financial Information as at and for the year ended 31 March 2021 have been prepared to reflect the impact of proposed acquisition of the Fertilizer Business as a going concern on a slump sale basis to be made from the proceeds of the Initial Public Offering (IPO) of the Company. One of the objectives of the IPO is to acquire ZACL Fertilizer Business using the proceeds of the offer. The total purchase consideration of Rs. 8,212.60 million (net off consideration to be settled through set-off of assets of Rs.5,336.52 million) shall be payable by the Company to ZACL within 31 March 2022.

The Unaudited Proforma Condensed Combined Financial Information is not required as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations').

2. Basis of preparation

- a) The Unaudited Proforma Condensed Combined Financial Information which comprises of unaudited proforma condensed combined balance sheet as at 31 March 2021, unaudited proforma condensed combined statement of profit and loss for the year ended 31 March 2021 and explanatory notes thereto. The Unaudited Proforma Condensed Combined Financial Information have been prepared specifically for inclusion in the Draft Red Herring Prospectus to be filed by the Company in connection with proposed Initial Public Offering ("IPO") to reflect the impact of proposed acquisition.
- b) These unaudited proforma condensed combined financial information has been prepared using the principles as prescribed under Ind AS 103 "Business Combinations" wherein the proposed acquisition of Fertilizer Business has been accounted for under the acquisition method in accordance with Ind AS 103 'Business Combinations'. Accordingly, the company has provisionally allocated the purchase consideration to the estimated fair value of assets acquired and liabilities assumed from the ZACL fertilizer unit at Goa and recognised the difference between purchase consideration and net assets as goodwill in the unaudited proforma condensed combined financial information as at 31 March 2021.
- c) The unaudited proforma condensed combined financial information has been prepared taking into consideration:
 - i) The consolidated financial statements of Paradeep Phosphates Limited for the year ended 31 March 2021;
 - ii) The special purpose carve-out financial statements of the ZACL Fertilizer Business included in the unaudited proforma condensed combined financial information for the year ended 31 March 2021 which were adopted by the Board of Directors of ZACL as on 10 August 2021.
 - iii) Adjustments made to the special purpose carve-out financial statements of the ZACL Fertilizer business to ensure compliance with the Company's accounting policies in all material aspects.
 - iv) Adjustments to the unaudited proforma condensed combined financial information arising from transactions between the Company and the ZACL Fertilizer Business as at and during the year ended 31 March 2021;
 - v) Adjustments to recognise the impact of allocation of proposed purchase consideration payable by the Company;
 - vi) Adjustments to recognise expenditure incurred by the Company that are directly attributable to the business combination;
- d) The consolidated financial statements have been adjusted in the proforma condensed combined financial statements to give effect to proforma events relating to the Company's proposed acquisition of the Fertilizer Business that are a) directly attributable to the proposed acquisition, b) factually supportable and c) with regard to the Proforma Condensed Combined Statement of Profit and Loss, expected to have continuing impact on the combined results following proposed acquisition.

Further, the unaudited proforma condensed combined statement of profit and loss for the year ended 31 March 2021 give effect to this transaction as if they had occurred on 01 April 2020. The unaudited proforma condensed combined balance sheet as on 31 March 2021 gives effect to this transaction as if they had occurred on 31 March 2021.
- e) The unaudited proforma adjustments are based on available information and assumptions that the management of the Company believes to be reasonable. Such unaudited proforma condensed combined financial information has not been prepared in accordance with generally accepted accounting principles including accounting standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been prepared in accordance with those principles and standards. Accordingly, the degree of reliance placed by anyone in other jurisdictions on such unaudited proforma condensed combined information should be limited. In addition, the rules and regulations related to the preparation of unaudited proforma condensed combined financial information in other jurisdictions may also vary significantly from the basis of preparation of these proforma condensed combined financial information as set out in these notes.
- f) Assumed that transactions would result into acquisition of assumed assets and liabilities relating to ZACL Fertilizer Business at Goa.
- g) All amounts have been rounded off to the nearest million with two decimals, unless otherwise indicated.

3. The purpose of the Unaudited Proforma Condensed Combined Financial Information is to reflect the impact of proposed acquisition of ZACL Fertilizer Business as set out in the basis of preparation paragraph and to solely illustrate the impact of significant events on the historical consolidated financial statements of the Company, as if the event had occurred at an earlier date selected for the purposes of illustration and based on the judgements and assumptions of the management of the Company to reflect the hypothetical impact, and because of its hypothetical nature, does not provide any assurance of indication that any event will take place in the future and may not be indicative of the Proforma Financial Information of the Company for the year ended 31 March 2021 or any future periods. The actual balance sheet and statement of profit and loss may differ significantly from the proforma amounts reflected herein due to variety of factors.

PARADEEP PHOSPHATES LIMITED**Notes to the Unaudited Proforma Condensed Combined Financial Information as at and for the year ended 31 March 2021***(All amounts are in rupees million, unless otherwise stated)***4. The Company has considered the following matters in relation to ZACL fertilizer business:**

- i. ZACL in relation to the sale of fertilizer business to the Company has got requisite statutory and regulatory approvals including approval from public shareholders, Income-tax authorities, etc. However, ZACL is in the process of obtaining certain approvals for the remaining conditions precedent to the BTA wherein the lenders/vendors have in-principle agreed for the transfer of Fertilizer Business to the Company subject to settlement and/or payment of the outstanding dues on or before the date of closure of this transaction.

The transfer of ZACL Fertilizer Business to the Company is subject to the satisfaction of conditions precedent as stipulated in the BTA as above. Pending receipt of certain approvals, no adjustments to carrying value of assets and liabilities have been made.

- ii. ZACL Fertilizer Division is engaged in the manufacture, distribution, import and sale of Urea, DAP and various grades of NPK fertilizers under the “Jai kisaan” brand for more than 5 decades. In Q4 of FY19 and Q1 of FY20, due to significant delays in receipt of Government Subsidies, drought like situation in key marketing areas led to deterioration of the liquidity position primarily pertaining to ZACL Fertilizer Division along-with elongation of the working capital cycle and also a built up of high-priced inventory. Being unable to pass on the increase in the prices of the raw materials to the farmers which contributed to operating losses, cash flow mismatch and reduced financial flexibility leading to the ZACL Fertilizer Division having a net current liability position of INR 8,029.05 million as at 31 March 2021. These factors adversely impacted ZACL Fertilizer Division's cash flows, debt position, recall of borrowings by certain lenders of the Company, downgrading of Company's rating to ICRA D and prolonged shutdown of its plants for different periods during the earlier periods.

With optimal working capital liquidation/ realization and in agreement with lenders on the resolution plan, ZACL had cleared all the overdues with Banks / Financial Institutions and have reduced its borrowings and all debt accounts are standard with the lenders. All these helped the ZACL upgrading its credit ratings to ICRA B stable in April 2020 which though shifted to Credit rating ICRA B placed under watch in July 2020.

During the year ended 31 March 2021, Ammonia and Urea plant operated at normal levels except for a temporary period when plants operated at lower load due to disruption in bagging operations due to COVID-19 pandemic. Further, operations of NPK A plant were intermittently closed during the said year and at NPK B plant operations resumed from the end of October 2020, which was primarily due to non-availability of raw materials.

The Company believes that the ZACL Fertilizer Division will be able to realize its assets and discharge its liabilities in the normal course of business and thus, material uncertainty will be resolved due to various steps undertaken, restructuring, ongoing discussion with other lenders for funding as required, expected liquidity post business combination of the Company and ZACL Fertilizer Business and future cash flow projections, the Company believes that the ZACL Fertilizer Division have enough resources for the payment of its obligations.

- iii. The Company has assessed the impact of COVID - 19 and concluded that there is no material impact on the operations of the Fertilizer Business and no material adjustment is required at this stage in the Special Purpose Carve-out Financial Statements for the year ended 31 March 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID - 19 and the impact may be different from the estimates considered while preparing these Special Purpose Carve-out Financial Statements.

- iv. Department of Fertilizers (DOF), Government of India, issued an office memorandum dated 8 July 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the fertilizer companies to their warehouse for onward sale during the month of February and March 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, ZACL Fertilizer Division had recognized INR 222.31 million in the earlier years being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March 2013 but sold in 2012-13 and 2013-14 respectively. During the financial year ended 31 March 2015, ZACL Fertilizer Division had reversed the subsidy income of INR 27.41 million for the quantities imported and dispatched during the month of February and March 2013 and has been carrying a receivable of INR 194.90 million in respect of the above matter.

However, as per the office Memorandum dated 16 April 2018 issued by the Department of Fertilizer, the Government has ex-post facto approved the subsidy paid on specific quantity of P&K fertilizer received in the relevant district during the months of February 2013 and March 2013 in different year since 2012-13 as the rates fixed for the next financial year which were lower than the rate approved by cabinet /CCEA for that year. ZACL Fertilizer Division has represented to the Department of Fertilizer that the material moved in February 2013 and March 2013 was part of the approved movement plan of January 2013 and hence Nutrient Based Subsidy rates of 2013 should be applicable and had filed a writ petition at Hon'ble High Court of Delhi (DHC) against Department of Fertilizer to recover this amount. Pursuant to the court order the Court hearing was granted by DoF to present its claims and also submitted written representations.

DoF vide their order dated 29 September 2019 had rejected the representation and submissions by ZACL against which the ZACL has filed writ petition to the higher authority against the order passed by DoF. On 3 March 2021 DHC has issued notice in the writ petition and has directed DoF to file its reply. DOF has filed its reply on 27 July 2021, and ZACL has been directed to file its rejoinder within six weeks thereafter. Matter is next listed on 09 December 2021. Based on the legal assessment done by the ZACL for its ZACL Fertilizer Division, it is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

- v. Vide notification number 26/ 2018 dated 13 June 2018, the Government has amended the definition of “Net Input Tax Credit (ITC)” for the purpose of GST refund on account of inverted duty structure with effect from 1 July 2017 to include ITC availed only on inputs which excludes input services. The management of ZACL has contested this amendment (both retrospective and prospective) at different levels of authorities including but not limited to filing a writ petition in the Hon'ble High Court of Bombay at Goa in this regard. Basis legal view obtained, the management of ZACL believes that the refund/utilisation in respect of tax paid on input services would be available and that no liability including interest, if any, would arise from the same. Consequently, the ZACL Fertilizer Division has carried forward an amount of INR 979.77 million as amount recoverable towards this matter.

These are also referred to in the auditors report on the special purpose carve out financial statements of ZACL fertilizer business.

5. Proforma adjustments

As this point in time, any acquisition price in respect of the proposed acquisition cannot be ascertained. The following proforma adjustments have been made in the Unaudited unaudited proforma condensed combined financial information :

a) Preliminary purchase price allocation

The goodwill has been calculated based on the preliminary valuation analysis of the fair value of net assets of ZACL Fertilizer Business at Goa acquired.

Accordingly, an amount of INR 762.22 million being the excess of the aggregate of purchase consideration for the acquisition over its fair value of assets and liabilities proposed to be acquired based on provisional purchase price allocation (“PPA”) has been recognised as goodwill.

The following table summarizes the allocation of the preliminary purchase price and the goodwill arrived at (in millions):

Particulars	31 March 2021
Non current assets	15,582.89
Current assets	8,105.89
Total assets	23,688.78
Non current liabilities	141.91
Current liabilities	10,759.96
Total liabilities	10,901.87
Net assets acquired	12,786.91
Consideration (to be settled through set-off of assets)	5,336.53
Consideration (to be paid in cash)	8,212.60
Proforma Goodwill	762.22

The Company has used the services of an external expert to carry out a preliminary PPA of the purchase consideration to be paid to the ZACL. Consequently, the values of assets and liabilities acquired and the resultant goodwill could be materially different once the PPA valuation is completed. The final allocation could differ materially from the preliminary allocations used in the proforma adjustments. The final allocation may include (1) changes in fair values of property, plant and equipment, (2) changes in allocations to goodwill and (3) other changes to assets and liabilities.

PARADEEP PHOSPHATES LIMITED
Notes to the Unaudited Proforma Condensed Combined Financial Information as at and for the year ended 31 March 2021
(All amounts are in rupees million, unless otherwise stated)
b) Acquisition adjustments

- i) Reflects the adjustment of INR 10,565.86 million to increase the basis in the proposed acquired property, plant and equipment to estimated fair value of INR 14,285.35 million. The estimated useful lives range from three to sixty years. The estimated increase in depreciation expense due to upward fair valuation of above property, plant and equipment is INR 493.14 million.

The fair value and useful life calculations are preliminary and subject to change after the Company finalizes its review of the specific types, nature, age, condition and location of ZACL Fertilizer Business's property, plant and equipment.

- ii) Represents the estimated adjustment to increase ZACL Fertilizer Business's inventory to a fair value of approximately INR 2,277.76 million, an increase of INR 38.45 million from the carrying value. The fair value calculation is preliminary and subject to change. Further, the total proforma adjustment also constitutes of an amount of INR 38.35 million towards intragroup eliminations /adjustments for unrealised profit on closing stock which has been referred to in note 5(c).

- iii) Represents estimated one-time transaction cost of INR 292.66 million pertaining to proposed business combination.

Further, the total proforma adjustment also constitutes of an amount of INR 38.35 million towards intragroup eliminations /adjustments which has been referred to in note 5(c).

- iv) Represents amount payable in cash toward proposed business combination of INR 8,212.60 million

Further, the total proforma adjustment also constitutes an amount of INR 236.44 million towards intragroup eliminations /adjustments which has been referred to in note 5(c).

- v) Tax adjustment on the proforma adjustments have not been considered as income tax is assessed at the level of individual entities.

c) Intragroup elimination / adjustments

This represents intragroup elimination adjustments in respect of transactions between the Company and the ZACL Fertilizer Business that have been eliminated from the proforma condensed combined financial information and are stated below:

	Note	Intragroup elimination / adjustments
Current assets		
Inventories	5(c)(ii)	38.35
Financial assets		
Trade receivables	5(c)(i)	3,452.88
Other financial assets	5(c)(i)	284.36
Other current assets	5(c)(i)	1,754.20
Total current assets		5,529.79
EQUITY AND LIABILITIES		
Equity		
Other equity	5(c)(ii)	38.35
Total equity		38.35
Liabilities		
Current liabilities		
Total outstanding dues of creditors other than micro enterprises and small enterprises	5(c)(i)	5,255.00
Other financial liabilities	5(c)(i)	236.44
Total current liabilities		5,491.44
Total equity and liabilities		5,529.79

	Note	Intragroup elimination / adjustments
Income		
Revenue from operations	5(c)(i)	7,486.53
		7,486.53
Expenses		
Cost of materials consumed	5(c)(i)	4,578.28
Purchases of stock-in-trade	5(c)(i)	2,908.25
Changes in inventories of finished goods, work in progress and stock in-trade	5(c)(ii)	38.35
		7,524.88

Notes to elimination of intragroup balances and transactions, the nature of which mainly includes:

- i) Purchase, sale of fertilizers and allied products including related income/expenses and resultant outstanding balances
ii) Inter company unrealised profits of closing stock of inventories
iii) Tax adjustment on the above eliminations/adjustments have not been considered as income tax is assessed at the level of individual entities.
6. The aforesaid transaction does not involve issue of equity shares to the acquiree company in lieu of such acquisition. While the amount raised from the proposed IPO would be used to fund the acquisition, the number of shares to be issued under the IPO is currently not ascertainable in absence of finalisation of prices at the current stage. As a result, there is no change in number of shares for the purpose of computation of earnings per equity shares.
7. Other than those mentioned above, no additional adjustments have been made to the unaudited proforma condensed combined financial information to reflect any trading results or other transactions of the Company or the acquired ZACL Fertilizer Business entered in to subsequent to 31 March 2021.

As per our compilation report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of

Paradeep Phosphates Limited

CIN: U241290R1981PLC001020

Jayanta Mukhopadhyay
Partner
Membership No: 055757

Place: Kolkata
Date: 10 August 2021

N. Suresh Krishnan
Managing Director
DIN: 00021965

Place: Gurugram
Date: 10 August 2021

S.K. Poddar
Chairman
DIN: 00008654

Place: New Delhi
Date: 10 August 2021

Sachin Patil
Company Secretary

Place: Bengaluru
Date: 10 August 2021

SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Zuari Agro Chemicals Limited

Opinion

We have audited the accompanying Special Purpose Carve Out financial statements of Fertilizer Division of Zuari Agro Chemicals Limited ("Fertilizer Division of the Company"), which comprises the Carve Out Balance Sheet as at March 31, 2021, 2020 and 2019 and the Carve Out Statement of Profit and Loss, including other comprehensive income, Carve Out Cash Flow Statement and the Carve Out Statement of Changes in Owner's net investment for each of the financial year ended March 31, 2021, 2020 and 2019 and notes to the Special Purpose Carve Out financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Carve Out financial statements have been prepared, in all material respects with the Basis of Preparation set out in Note 2.B i) and Note 44 to the Special Purpose Carve Out Financial Statements.

Basis for Opinion

We conducted our audit of the Special Purpose Carve Out financial statements in accordance with the Standards on Auditing (SAs), as 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 Special Purpose Carve Out financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special Purpose Carve Out financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Carve Out financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 40 to the Special Purpose Carve Out financial statements, which states that in addition to net current liability position, there are events or conditions which indicate that a material uncertainty exists that may cast significant doubt on Fertilizer Division of the Company's ability to continue as a going concern. It also describes the mitigating factors considered by the management in its assessment, in view of which the Special Purpose Carve Out financial statements have been prepared under the going concern assumption.

Our opinion is not modified in respect of this matter.

Emphasis of Matters

(i) Basis of Preparation and Restriction on Distribution and Use

We draw attention to Note 2.B i) and Note 44 to the Special Purpose Carve out Financial Statements, which describes the basis of preparation with reference to the Business Transfer Agreement dated March 01, 2021 and addendum thereto dated July 30, 2021. These financial statements are prepared for the purpose as described in Note 2.A to the Special Purpose Carve Out financial statements. As a result, these Special Purpose Carve Out financial statements may not be suitable for another purpose. Our report is intended solely for the information and use of the management of the Company and for inclusion in the Offer document as mentioned in Note 2.A to the Special Purpose Carve Out financial statements. This report is not to be used, referred to or distributed for any other purpose except without our prior consent in writing.

(ii) Conditions Precedent for Business Transfer Agreement

We draw attention to Note 2.A to the Special Purpose Carve out Financial Statements, where in it is stated that a Business Transfer Agreement (BTA) was executed on March 01, 2021 and further amended vide addendum dated July 30, 2021 between the Company and Paradeep Phosphates Limited (“PPL”) for sale and transfer of the Fertilizer Division of the Company to PPL (“the Purchaser”) on a going concern basis, under a slump sale arrangement. The transfer to the Purchaser is subject to the satisfaction of conditions precedent as stipulated in the BTA. Pending receipt of certain approvals, no adjustments to carrying value of assets and liabilities have been made that may arise in case such approvals are not received. Our opinion is not modified in respect of this matter.

(iii) Impact of Covid-19

We draw attention to Note 38 to the Special Purpose Carve Out financial statements, which describes the management’s assessment of the impact of the uncertainties related to outbreak of Covid-19 on the future business operations of the Fertilizer Division of the Company.

(iv) Litigations

- a) We draw attention to Note 6 to the Special Purpose Carve Out financial statements, regarding Goods and Services Tax ('GST') credit on input services recognized by the Company in respect of the Fertilizer Division of the Company, which the management has assessed to recover based on the legal opinion obtained by the Company. The Company has also filed a writ petition in the High Court of Bombay at Goa.
- b) We draw attention to Note 36 to the Special Purpose Carve Out financial statements, wherein the Fertilizer Division of the Company is carrying a receivable in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Company, the management believes that the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Company has not made any provision in this regard in the Special Purpose Carve Out financial statements.

Our opinion is not modified in respect of the matters in (i), (ii), (iii) and (iv) above.

Management’s Responsibility for the Special Purpose Carve Out financial statements

The Company’s Board of Directors is responsible for the preparation and presentation of Special Purpose Carve Out financial statements in accordance with Basis of Preparation set out in Note 2.B i) and Note 44 to the Special Purpose Carve Out financial statements. The Board of Directors are also responsible for maintenance of adequate accounting records for safeguarding of the assets of the Fertilizer Division of the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Carve Out financial statements are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Carve Out financial statements, Board of Directors are responsible for assessing the ability of the Fertilizer Division of the 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 Fertilizer Division of the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Fertilizer Division of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Carve Out financial statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carve Out 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 Special Purpose Carve Out 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 Special Purpose Carve Out 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, but not for the purpose of expressing an opinion on the effectiveness of the Fertilizer Division of the Company's internal control.
- 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 Fertilizer Division of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fertilizer Division of the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The Company has prepared a separate set of financial statements for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 in accordance with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 on which we issued a separate auditor's report to the shareholders of the Company dated May 28, 2021, June 19, 2020 and May 15, 2019, respectively.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma

Partner

Membership No.: 96766

UDIN: 21096766AAAAMZ3205

Place: Faridabad

Date: August 10, 2021

Zuari Agro Chemicals Limited - Fertilizer Division				
Special Purpose Carve-out Balance sheet as at 31 March 2021, 2020 and 2019				
(Amount in INR millions, unless otherwise stated)				
	Notes	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Assets				
Non-current assets				
Property, plant and equipment	3	3,719.49	4,072.46	4,163.90
Capital work-in-progress	3	1,252.39	1,211.92	1,193.80
Intangible assets	4	12.46	17.19	15.46
Intangible assets under development	4	0.35	-	-
Financial assets				
(i) Loans	5A	25.71	28.89	29.60
(ii) Others	5B	-	-	120.35
Deferred tax asset (net)	15	-	-	242.05
Other non-current assets	6	6.63	3.41	12.90
		5,017.03	5,333.87	5,778.06
Current assets				
Inventories	7	2,239.31	2,510.46	10,567.34
Financial assets				
(i) Trade receivables	8	3,758.71	8,110.39	22,633.40
(ii) Loans	5A	1.08	4.72	9.66
(iii) Others	5B	268.25	609.56	686.72
Other current assets	6	1,800.09	1,564.84	2,514.60
		8,067.44	12,799.97	36,411.72
Total assets		13,084.47	18,133.84	42,189.78
Equity and liabilities				
Equity				
Owner's net investment	9	(3,153.93)	1,412.20	24,556.33
Total equity		(3,153.93)	1,412.20	24,556.33
Non-current liabilities				
Financial liabilities				
(i) Borrowings	10A	135.34	150.14	18.21
(ii) Others	12	-	-	-
Other non-current liabilities	13	6.57	9.61	-
		141.91	159.75	18.21
Current liabilities				
Financial liabilities				
(i) Borrowings	10B	-	680.08	1,159.29
(ii) Trade payables	11			
a) total outstanding dues of micro enterprises and small enterprises		17.96	26.97	48.76
b) total outstanding dues of creditors other than micro enterprises and small enterprises		13,094.05	13,004.04	13,050.86
(iii) Others	12	2,401.90	2,098.93	1,899.49
Other current liabilities	13	391.94	549.27	1,265.40
Provisions	14	190.64	202.60	191.44
		16,096.49	16,561.89	17,615.24
Total liabilities		16,238.40	16,721.64	17,633.45
Total equity and liabilities		13,084.47	18,133.84	42,189.78
Summary of significant accounting policies				
		2		
The accompanying notes are an integral part of the Special Purpose Carve-out Financial Statements				
As per our report of even date				
For S.R. Batliboi & Co. LLP		For and on behalf of the Board of Directors of		
Chartered Accountants		Zuari Agro Chemicals Limited		
ICAI Firm's Registration Number: 301003E/E300005				
per Vishal Sharma		Nitin M Kantak		N. Suresh Krishnan
Partner		Executive Director		Director
Membership Number : 096766		DIN: 08029847		DIN: 00021965
		Raj Kumar Gupta		Vijayamahantesh Khannur
		Chief Financial Officer		Company Secretary
				Membership Number: A19257
Place : Faridabad				
Date: 10 August 2021		Date: 10 August 2021		

Zuari Agro Chemicals Limited - Fertilizer Division				
Special Purpose Carve-out Statement of Profit and Loss for the financial years ended 31 March 2021, 2020 and 2019				
(Amount in INR millions, unless otherwise stated)				
	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
I Revenue				
Revenue from operations	16	22,193.86	19,903.83	47,132.63
Other income	17	261.01	88.86	323.32
Total income (I)		22,454.87	19,992.69	47,455.95
II Expenses				
Cost of raw material and components consumed	18	15,347.96	9,958.43	27,466.04
Purchases of traded goods	19	12.92	292.34	12,740.00
Changes in inventories of finished goods, traded goods and work in progress	20	279.79	6,745.61	(4,194.79)
Employee benefits expense	21	677.48	755.59	790.69
Finance costs	22	2,032.85	2,677.58	2,972.47
Depreciation and amortization expense	23	431.90	438.15	394.50
Other expenses	24	5,070.56	5,879.59	8,643.81
Total expense (II)		23,853.46	26,747.29	48,812.72
III (Loss) before tax (I - II)		(1,398.59)	(6,754.60)	(1,356.77)
IV Tax expense/(credit):				
(1) Current tax	15	-	-	-
(2) Deferred tax (credit)/ charge	15	-	242.91	(459.00)
Income tax expense/ (credit)		-	242.91	(459.00)
V (Loss) for the year (III - IV)		(1,398.59)	(6,997.51)	(897.77)
VI Other comprehensive income/ (loss)				
Items that will not be reclassified to profit or loss				
Re-measurement gains/ (losses) on defined benefit plans	26	4.50	(3.43)	(3.14)
Income tax effect	15	-	0.86	1.10
Other comprehensive income/ (loss) for the year, net of tax		4.50	(2.57)	(2.04)
VII Total comprehensive (loss) for the year, net of tax (V + VI)		(1,394.09)	(7,000.08)	(899.81)
Summary of significant accounting policies 2				
The accompanying notes are an integral part of the Special Purpose Carve-out Financial Statements				
As per our report of even date				
For S.R. Batliboi & Co. LLP Chartered Accountants ICAI Firm's Registration Number: 301003E/E300005		For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited		
per Vishal Sharma Partner Membership Number : 096766		Nitin M Kantak Executive Director DIN: 08029847	N. Suresh Krishnan Director DIN: 00021965	
		Raj Kumar Gupta Chief Financial Officer	Vijayamahantesh Khannur Company Secretary Membership Number: A19257	
Place : Faridabad				
Date: 10 August 2021				
Date: 10 August 2021				

Zuari Agro Chemicals Limited - Fertilizer Division					
Special Purpose Carve-out Statement of Cash Flows for the financial years ended 31 March 2021, 2020 and 2019					
(Amount in INR millions, unless otherwise stated)					
	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019	
A	Cash flow from operating activities:				
	(Loss) before tax	(1,398.59)	(6,754.60)	(1,356.77)	
	Adjustments to reconcile (loss) before tax with net cash flows:				
	Depreciation on property, plant and equipment	23	422.29	437.64	383.78
	Amortization of intangible assets	23	9.61	0.51	10.72
	Impairment of capital work in progress	24	-	-	36.72
	Loss on disposal of property, plant and equipment (net)	24	1.67	16.54	21.69
	Excess provision / unclaimed liabilities / unclaimed balances written back	17	(139.12)	(37.36)	(42.52)
	Advances written off	24	0.10	238.27	177.84
	Provision for doubtful debts, claims and advances	24	33.25	970.02	94.12
	Subsidy claims written off	24	18.85	15.66	14.12
	Deferred Service Income		(3.04)	12.64	-
	Unrealized foreign exchange fluctuation loss		108.78	137.01	11.69
	Interest expense	22	1,909.37	2,436.18	2,478.96
	Interest income	17	(0.27)	(0.27)	(210.82)
	Operating profit/(loss) before working capital adjustments		962.90	(2,527.76)	1,619.53
	Working capital adjustments:				
	(Decrease)/ Increase in provisions		(7.46)	7.73	(17.40)
	(Decrease)/ Increase in trade payables and other liabilities		(37.38)	(1,173.17)	5,048.97
	Decrease/ (increase) in trade receivables		4,299.58	13,537.33	(1,946.87)
	Decrease/ (increase) in Inventories		271.15	8,056.88	(5,169.90)
	Decrease/ (increase) in other assets and financial assets		81.19	909.00	(379.44)
	Decrease in loans and advances		6.91	5.89	5.80
			4,613.99	21,343.66	(2,458.84)
	Less : Income tax paid (net of refunds)		-	-	-
	Net cash flow from/ (used in) operating activities (A)		5,576.89	18,815.90	(839.31)
	B	Cash flow from investing activities:			
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances			(115.15)	(196.12)	(818.29)
Proceeds from sale of property, plant and equipment			1.64	3.71	5.06
Interest received			0.18	0.03	216.61
Net cash flow (used in) investing activities (B)			(113.33)	(192.38)	(596.62)
C	Cash flow from financing activities:				
	Repayment from long term borrowings		(11.46)	(9.58)	(10.55)
	Repayment of lease liability		(21.05)	(25.75)	-
	Repayment from short term borrowings		(680.08)	(479.21)	(1,942.38)
	Interest paid		(1,578.93)	(1,964.93)	(2,113.73)
	Movement of owner's net investment		(3,172.04)	(16,144.05)	5,502.59
	Net cash flow from/ (used in) financing activities (C)		(5,463.56)	(18,623.52)	1,435.93
D	Net (decrease)/increase in cash and cash equivalents (A + B + C)		-	-	-
	Cash and cash equivalents at the beginning of the year		-	-	-
	Cash and cash equivalents at the year end		-	-	-
Changes in liabilities arising from financing activities					
	1 April 2020	Cash flows*	Non-cash changes**	31 March 2021	
Long term borrowings (Refer Note 10A)	19.09	(11.46)	-	7.63	
Short term borrowings (Refer Note 10B)	680.08	(680.08)	-	-	
Lease liabilities (Refer Note 10A)	147.70	(21.05)	15.14	141.79	
Total liabilities from financing activities	846.87	(712.59)	15.14	149.42	
	1 April 2019	Cash flows*	Non-cash changes**	31 March 2020	
Long term borrowings (Refer Note 10A)	28.67	(9.58)	-	19.09	
Short term borrowings (Refer Note 10B)	1,159.29	(479.21)	-	680.08	
Lease liabilities (Refer Note 10A)	117.41	(25.75)	56.04	147.70	
Total liabilities from financing activities	1,305.37	(514.54)	56.04	846.87	
	1 April 2018	Cash flows*	Non-cash changes**	31 March 2019	
Long term borrowings (Refer Note 10A)	39.22	(10.55)	-	28.67	
Short term borrowings (Refer Note 10B)	3,101.67	(1,942.38)	-	1,159.29	
Total liabilities from financing activities	3,140.89	(1,952.93)	-	1,187.96	
*includes repayments of principal and interest					
**includes exchange differences on borrowings, lease additions and interest accretion for lease liabilities.					
Summary of significant accounting policies					
The accompanying notes are an integral part of the Special Purpose Carve-out Financial Statements					
As per our report of even date					
For S.R. Batliboi & Co. LLP Chartered Accountants Firm's Registration Number: 301003E/E300005		For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited			
per Vishal Sharma Partner Membership Number : 096766		Nitin M Kantak Executive Director DIN: 08029847			
		Raj Kumar Gupta Chief Financial Officer			
		N. Suresh Krishnan Director DIN: 00021965			
		Vijayamahantesh Khannur Company Secretary Membership Number: A19257			
Place : Faridabad					
Date: 10 August 2021					
Date: 10 August 2021					

Zuari Agro Chemicals Limited - Fertilizer Division Special Purpose Carve-out Statement of Changes in Owner's net investment for the financial years ended 31 March 2021, 2020 and 2019 (Amount in INR millions, unless otherwise stated)				
	Note	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Owner's net investment				
As at beginning		1,412.20	24,556.33	19,953.55
Changes in owner's net investment during the year		(4,566.13)	(23,144.13)	4,602.78
As at end		<u>(3,153.93)</u>	<u>1,412.20</u>	<u>24,556.33</u>
Summary of significant accounting policies 2 The accompanying notes are an integral part of the Special Purpose Carve-out Financial Statements As per our report of even date For S.R. Batliboi & Co. LLP Chartered Accountants Firm's Registration Number: 301003E/E300005 For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited per Vishal Sharma Partner Membership Number : 096766 Nitin M Kantak Executive Director DIN: 08029847 N. Suresh Krishnan Director DIN: 00021965 Raj Kumar Gupta Chief Financial Officer Vijayamahantesh Khannur Company Secretary Membership Number: A19257 Place : Faridabad Date: 10 August 2021 Date: 10 August 2021				

Zuari Agro Chemicals Limited – Fertilizer Division

Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

1. Corporate Information

Zuari Agro Chemicals Limited (the 'Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges, National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The registered office of the Company is located at Jai Kisaan Bhawan, Zuarinagar, Goa 403726. The Company is in the business of manufacturing, trading and marketing of chemical fertilizers, water soluble fertilizers, seeds, pesticides and fertilizer products. The Company caters to the demand of the farmers across the country, through its "Jai Kisaan" brand of fertilizers.

2.A Purpose of preparation of these Special Purposes Carve-out Financial Statements

The Board of Directors of the Company at their meeting held on 22 February 2021 approved the sale and transfer of the Company's Fertilizer business (henceforth termed as "ZACL Fertilizer Division") to Paradeep Phosphates Limited ("PPL"), subsidiary of a joint venture company, on a going concern basis for which a Business Transfer Agreement was executed on 1 March 2021 between the Company and PPL. ZACL Fertilizer Division represents the manufacturing plants of the Company situated at Goa and associated businesses of the Company. Subsequent thereto, an addendum to Business Transfer Agreement dated 1 March 2021 was executed on 30 July 2021 between the Company and PPL (Business Transfer Agreement dated 1 March 2021 and addendum thereto dated 30 July 2021 are collectively referred as "BTA").

PPL has announced its plan to raise funds through initial public issue of equity shares (IPO) for funding of the said acquisition of ZACL Fertilizer Division including other objects of the issue and has obtained required approvals including from relevant regulators.

These Special Purpose Carve-out Financial Statements will be included in the offer document to be prepared by PPL in connection for filing with SEBI, in connection with the proposed IPO, as aforesaid pursuant to the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

These Special Purpose Carve-out Financial Statements were approved for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on 10 August 2021.

The Company has got requisite statutory and regulatory approvals including approval from public shareholders, Income-tax authorities, etc. However, the Company is in the process of obtaining certain approvals for the remaining conditions precedent to the BTA wherein the lenders/vendors have in-principle agreed for the transfer of Company's Fertilizer division to PPL subject to settlement and/or payment of the outstanding dues on or before the date of closure of this transaction.

The transfer of ZACL Fertilizer Division to PPL is subject to the satisfaction of conditions precedent as stipulated in the BTA as above. Pending receipt of certain approvals, no adjustments to carrying value of assets and liabilities have been made.

2.B Summary of Significant Accounting Policies

i) Basis of Preparation of Special Purpose Carve-out Financial Statements

- (i) The Special Purpose Carve-out Financial Statements of the ZACL Fertilizer Division, which comprises the Carve-out Balance Sheet as at 31 March 2021, 31 March 2020 and 31 March 2019, the Carve-out Statement of Profit and Loss including Other Comprehensive Income, the Carve-out Statement of Cash Flows and the Carve-out Statement of Changes in owner's net investment for the financial years ended 31 March 2021, 2020 and 2019, and notes to the Carve out Financial Statements, including a summary of significant accounting policies and other explanatory information [collectively the "Special Purpose Carve-out Financial Statements"] have been prepared:
- a) taking into consideration the terms of the BTA subject to necessary adjustments in the purchase consideration as at completion date between the Company and PPL as agreed in BTA which may impact carrying values of certain assets and / or liabilities (also refer note 44);
 - b) measurement and recognition principle of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 and
 - c) in accordance with Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").

Accordingly, the Special Purpose Carve-out Financial Statements include only those assets and liabilities (including contingencies) that are to be acquired by PPL under the terms of the BTA, being the assumed assets, assumed liabilities and assumed litigations, for all the years presented.

- (ii) The assumed assets and assumed liabilities, related income and expenses and allocated expenses of ZACL Fertilizer Division have been reported in the Special Purpose Carve-out Financial Statements in accordance with recognition and measurement principles prescribed by Ind AS.
- (iii) As per BTA, "ZACL Fertilizer Division" refers to business of developing, manufacturing and trading of Urea and NPK products carried out by the Seller at the Plant, including the Purchased Assets, Transferred Employees and the Assumed Liabilities. Further, BTA states that it shall not include the business of (i) developing and manufacturing of single super phosphate (SSP) fertilizers, and (ii) trading undertaken by Zuari Farmhub Limited and its Affiliates and Mangalore Chemicals and Fertilizers Limited and its Affiliates.
- (iv) The ZACL Fertilizer Division has historically operated as part of the Company and not as a standalone entity. Financial statements representing the operations of the ZACL Fertilizer Division have been derived from the Company's accounting records and are presented on a carve-out basis. As part of the Company, the ZACL Fertilizer Division is dependent upon the Company for all of its working capital and financing requirements as the Company uses a centralized approach to cash management and financing of its operations. All borrowings including current maturities, except certain vehicle loans, that are not

Zuari Agro Chemicals Limited – Fertilizer Division

Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

assumed liabilities under the terms of BTA have not been recognised in these Special Purpose Carve-out Financial Statements (also refer note 44).

The principal purpose of carve-out statement of Profit and Loss is to present the historical operations of the carve-out business and reflect all the costs of doing business and corresponding revenue. Therefore, these Special Purpose Carve-out Statement of Profit and Loss includes the relevant costs and revenue as if the carve-out business operated as a separate entity in the periods presented.

- (v) Owner's net investment, as disclosed in these Special Purpose Carve-out Financial Statements, being net asset value, represents the difference between the assumed assets and liabilities of the ZACL Fertilizer Division.
- (vi) Assets, liabilities, income and expenses recognised in these Special Purpose Carve-out Financial Statements that are directly attributable to ZACL Fertilizer Division are based on the books of accounts and underlying accounting records maintained by the Company and as per conditions set out in the BTA.

Assets, liabilities, income and expenses recognised in these Special Purpose Carve-out Financial Statements that are either not readily identifiable from the books of accounts maintained by the Company or not directly attributable to ZACL Fertilizer Division have been allocated on a reasonable basis as below –

- a) Interest charge relating to the debt has been allocated on the basis of usage of working capital facilities and other interest cost specifically incurred for ZACL Fertilizer Division.
- b) Income and expenses pertaining to ZACL Fertilizer Division have been allocated on a reasonable basis taking into consideration the respective cost centers and employee head count and certain common expenses have been allocated basis the proportionate of revenue of the ZACL Fertilizer Divisions and other divisions.
- c) Disclosures in respect of post-employment defined benefit plans including current service cost, net interest cost, remeasurement (gains)/losses on defined benefit plans etc. as disclosed in the notes to these Special Purpose Carve-out Financial Statements have been determined on the basis of actuarial valuations of gross liability of employees of the ZACL Fertilizer Division.
- d) Stock transfer by ZACL Fertilizer Division to the Company's other divisions are treated as revenue and arm's length price has been considered to record revenue in these carve-out financial statements of ZACL Fertilizer Division.
- (vii) These Special Purpose Carve-out Financial Statements may not include all the actual expenses that would have been incurred had the carve-out business operated as a standalone company during the periods presented and may not reflect the financial position and financial performance had it operated as a standalone company during such periods. Actual costs that would have been incurred if carve-out business had operated as a standalone company would depend on multiple factors, including

Zuari Agro Chemicals Limited – Fertilizer Division

Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

organizational structure, capital structure, strategic and tactical decisions made in various areas, including information technology and infrastructure.

Therefore, the resulting financial position and financial performance in these Special Purpose Carve-out Financial Statements may not be that which might have existed if the carve-out business had been a standalone company. Further, the information may not be representative of the financial position and financial performance which may prevail after the transaction.

- (viii) The Special Purpose Carve-out Financial Statements as presented are not legal entity financial statements and hence, no earnings per share (EPS), basic and diluted, has been computed and disclosed.
- (ix) As per the BTA, transaction costs in respect of legal costs, disbursement charges and expenses incurred in and about the negotiation, preparation of BTA and any other document in connection with the BTA will not be borne by the ZACL Fertilizer Division and hence have not been recognised in these Special Purpose Carve-out Financial Statements.
- (x) Contingent liabilities and litigations by the Company in respect of the ZACL Fertilizer Division have been reported on the basis of assumed litigations that are related to the business being transferred as per the terms specified in the BTA.
- (xi) Pursuant to the requirement of paragraph 32 and 33 of the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, tax expense has been determined for the ZACL Fertilizer Division as if the carve-out business is a separate taxable entity. For details of deferred tax assets, refer note 15.
- (xii) The Special Purpose Carve-out Financial Statements have been prepared under the historical cost convention on the accrual basis, except for the following assets and liabilities, which have been measured at fair value:
 - Derivative financial instruments,
 - Certain other financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
 - Defined benefit plans - plan assets measured at fair value.
- (xiii) These Special Purpose Carve-out Financial Statements were approved by the Board of Directors of the Company on 10 August 2021 for the use of the management of the Company and for inclusion in the Offer Document of PPL.
- (xiv) The accounting policies remains unchanged from those consistently applied by the Company subject to changes as specified in Section 2.C in this policy “Changes in accounting policies and disclosures”.
- (xv) The Special Purpose Carve-out Financial Statements of the ZACL Fertilizer Division of the Company are presented in INR (₹) and all values are rounded to the nearest millions (₹ 000,000), except when otherwise indicated.

Zuari Agro Chemicals Limited – Fertilizer Division

Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

ii) Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.

An asset has been classified as current if

- a) it is expected to be realized in, or is intended for sale or consumption in, the ZACL Fertilizer Division 's normal operating cycle; or
- b) it is held primarily for the purpose of being traded; or
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date .

All other assets have been classified as non-current.

A liability has been classified as current when

- a) it is expected to be settled in ZACL Fertilizer Division's normal operating cycle; or
- b) it is held primarily for the purpose of being traded; or
- c) it is due to be settled within twelve months after the reporting date ; or
- d) ZACL Fertilizer Division does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

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

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. ZACL Fertilizer Division has identified twelve months as its operating cycle.

iii) Foreign Currency

a) Functional and presentation currency

Items included in the Special Purpose Carve-out Financial Statements of ZACL Fertilizer Division are measured using the currency of the primary economic environment in which ZACL Fertilizer Division of the Company operates ('the functional currency'). The Special Purpose Carve-out Financial Statements of ZACL Fertilizer Division are presented in Indian Rupee (INR), which is ZACL Fertilizer Division 's functional and presentation currency.

b) Initial recognition

Transactions in foreign currencies are initially recorded by ZACL Fertilizer Division at the functional currency spot rates at the date the transaction first qualifies for recognition.

c) Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign

Zuari Agro Chemicals Limited – Fertilizer Division

Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

d) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the Special Purpose carve-out statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit and loss are also recognised in OCI or profit and loss, respectively).

iv) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Special Purpose carve-out statement of profit and loss.

v) Fair value measurement

ZACL Fertilizer Division measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

The principal or the most advantageous market must be accessible by the ZACL Fertilizer Division.

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

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

Zuari Agro Chemicals Limited – Fertilizer Division

Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

ZACL Fertilizer Division uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

ZACL Fertilizer Division's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

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

The management, in conjunction with ZACL Fertilizer Division's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, ZACL Fertilizer Division has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the note no. 30 and 31 to the financial statements.

vi) Property, plant and equipment

On transition to Ind AS i.e. 1 April 2015, ZACL Fertilizer Division has elected to continue with the carrying value of all of its property, plant and equipment ("PPE") recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE.

Zuari Agro Chemicals Limited – Fertilizer Division**Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non-refundable purchase taxes, borrowing costs if recognition criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, ZACL Fertilizer Division depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Special Purpose carve-out statement of profit and loss when the asset is derecognized.

vii) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific asset referred under Para (a) to (d) below is calculated using the straight-line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. Subject to certain exceptions, ZACL Fertilizer Division has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013:

	Useful lives estimated by the management (years)
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipment (Continuous process plant)	25 years
Plant and equipment (Others)	15 years
Furniture and fixtures	10 years
Roads and Culverts	5 years
Office equipment	3 to 5 years
Vehicles	8 years
Railway Siding	15 years

Zuari Agro Chemicals Limited – Fertilizer Division

Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

The management has estimated, supported by independent assessment by technical experts, the useful lives of the following classes of assets:

- (a) The useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.
- (b) The useful lives of certain buildings having net block of INR 21.36 million (31 March 2020: 12.59 million, 31 March 2019: 1.99 million) are estimated as 3 years to 15 years. These lives are lower than those indicated in Schedule II.
- (c) Insurance/ capital/ critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/ critical spares, whichever is lower.
- (d) Property, plant and equipment whose value is less than INR 5,000/- are depreciated fully in the year of purchase.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

viii) Intangible Assets

On transition to Ind AS, ZACL Fertilizer Division has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Special Purpose carve-out statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

The following are the acquired intangible assets:

Software

Management of ZACL Fertilizer Division assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

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ix) Intangible assets under development

Costs incurred on development of intangible assets are classified as intangible assets under development. Intangible assets under development comprises of software.

x) Impairment of non-financial assets

ZACL Fertilizer Division 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, ZACL Fertilizer Division estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

ZACL Fertilizer Division bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of ZACL Fertilizer Division's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Special Purpose carve-out statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, ZACL Fertilizer Division estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Special Purpose carve-out statement of profit and loss.

xi) Leases (before 1 April 2019)

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.

For arrangements entered into prior to 1 April 2015, the ZACL Fertilizer Division has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Special Purpose carve-out statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ZACL Fertilizer Division as a lessor

Leases in which ZACL Fertilizer Division does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Special Purpose carve-out statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

xii) Leases (effective 1 April 2019)

ZACL Fertilizer Division assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

ZACL Fertilizer Division as a lessee

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

a) Right-of-use assets

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

- Land 3 to 30 years
- Building 2 to 10 years

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

The right-of-use assets are also subject to impairment (Refer note (x) on impairment of non-financial assets).

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At the commencement date of the lease, ZACL Fertilizer Division recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by ZACL Fertilizer Division and payments of penalties for terminating the lease, if the lease term reflects ZACL Fertilizer Division exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, ZACL Fertilizer Division uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

ZACL Fertilizer Division's lease liabilities are included in Interest-bearing loans and borrowings.

c) Short-term leases and leases of low-value assets

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

ZACL Fertilizer Division as a lessor

Leases in which ZACL Fertilizer Division does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Special Purpose carve-out statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

xiii) Financial instruments

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

a) Financial assets

Initial recognition and measurement

All financial assets are 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that ZACL Fertilizer Division commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments-

Subsequent measurement of debt instruments depends on ZACL Fertilizer Division's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

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

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

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

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, ZACL Fertilizer Division recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is

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reclassified from the equity to the Special Purpose carve-out statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, ZACL Fertilizer Division may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Special Purpose carve-out statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- ZACL Fertilizer Division 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) ZACL Fertilizer Division has transferred substantially all the risks and rewards of the asset, or (b) ZACL Fertilizer Division has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

ZACL Fertilizer Division assesses on a forward looking basis the expected credit losses ("ECL") associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, ZACL Fertilizer Division applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require ZACL Fertilizer Division to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, ZACL Fertilizer Division categorizes them into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial assets are first recognized, ZACL Fertilizer Division recognizes an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, ZACL Fertilizer Division records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the financial assets has been reclassified from Stage 3.

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Stage 3: Financial assets considered credit-impaired. ZACL Fertilizer Division records an allowance for the LTECLs.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. ZACL Fertilizer Division's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Special Purpose carve-out statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another 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 Special Purpose carve-out statement of profit or loss.

c) Offsetting of financial instruments

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

xiv) Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

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The Cost is determined as follows:

- a) Raw materials and Store and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.
- b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on Moving weighted average method.
- c) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

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

xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xvi) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which ZACL Fertilizer Division expects to be entitled in exchange for those goods or services. ZACL Fertilizer Division has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in paragraph 2.B.

Sale of goods

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

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Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and other Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized at the point in time when control of the goods have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/ de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

In determining the transaction price for the sale of goods, ZACL Fertilizer Division considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

i) Variable consideration

If the consideration in a contract includes a variable amount, ZACL Fertilizer Division estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(a) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. ZACL Fertilizer Division uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which ZACL Fertilizer Division will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, ZACL Fertilizer Division recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

(b) Volume rebates

ZACL Fertilizer Division provides volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, ZACL Fertilizer Division applies the most likely amount method for contracts with a single-volume threshold and the

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expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. ZACL Fertilizer Division then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

ii) Significant financing component

Occasionally, ZACL Fertilizer Division receives short-term advances from its customers. Using the practical expedient in Ind AS 115, ZACL Fertilizer Division does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents ZACL Fertilizer Division's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. ZACL Fertilizer Division updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount ZACL Fertilizer Division ultimately expects it will have to return to the

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customer. ZACL Fertilizer Division updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

As per Ind AS 115 and the Educational Material of Ind AS 115, sales tax/ VAT is not received by the entity on its own account, it is tax collected on value added to the commodity by the seller on behalf of the Government, therefore, it is excluded from revenue. From 1 July 2017, the GST regime has been introduced, revenue is being recognised net of GST.

Insurance claims

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent ZACL Fertilizer Division is reasonably certain of their ultimate collection.

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, ZACL Fertilizer Division estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Special Purpose carve-out statement of profit and loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

xvii) Retirement and other employee benefits**i) Provident Fund**

Retirement benefits in the form of Provident Fund is defined benefit obligation and is provided on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

Retirement benefits in the form of Provident Fund is a defined contribution scheme. ZACL Fertilizer Division recognizes contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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ii) Superannuation and Contributory Pension Fund

Retirement benefit in the form of Superannuation Fund and Contributory Pension Fund are defined contribution scheme. ZACL Fertilizer Division has no obligation, other than the contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. ZACL Fertilizer Division recognizes contribution payable to the Superannuation Fund and Contributory Pension Fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

iii) Gratuity

Retirement benefit in the form of gratuity is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

ZACL Fertilizer Division has taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the Special Purpose carve-out statement of profit and loss in the subsequent periods. They are included in the statement of changes in owner's net investment and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

iv) Leave Encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. ZACL Fertilizer Division measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Re-measurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in Special Purpose carve-out statement of profit and loss.

ZACL Fertilizer Division treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. ZACL Fertilizer Division presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where ZACL Fertilizer Division has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Zuari Agro Chemicals Limited – Fertilizer Division**Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019****v) Pension Fund**

Retirement benefit in the form of family pension fund and National Pension Scheme are defined contribution scheme. ZACL Fertilizer Division has no obligation, other than the contribution payable to the pension fund. ZACL Fertilizer Division recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

vi) Voluntary Retirement Scheme

Compensation to employees under the voluntary retirement scheme of ZACL Fertilizer Division is computed on the basis of number of employees exercising the retirement option under the scheme.

vii) Short term employee benefits

All employee benefits payable/ available within twelve months of rendering of service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Special Purpose carve-out statement of profit and loss in the period in which the employee renders the related service.

xviii) Taxes

Pursuant to the requirement of paragraph 32 and 33 of the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, tax expenses have been determined for ZACL Fertilizer Division as if the carve-out business is a separate taxable entity.

Current Income Tax and Deferred Tax

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

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- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

During the year ended 31 March 2019, Minimum Alternate Tax ("MAT") paid in a year is charged to the statement of profit and loss as current tax. The ZACL Fertilizer Division recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the ZACL Fertilizer Division will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the ZACL Fertilizer Division recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" and grouped under Deferred Tax.

Goods and Service Tax (GST) / Sales/value added taxes paid on acquisition of assets or on incurring expenses

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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Otherwise, expenses and assets are recognized net of the amount of GST paid. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

xix) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received, and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

xx) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability is also a present obligation that arises from past events but outflow of resources embodying economic benefits is not probable. The ZACL Fertilizer Division does not recognize a contingent liability but discloses its existence in the financial statements.

xxi) Provisions

A provision is recognized when ZACL Fertilizer Division has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Special Purpose carve-out statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

xxii) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker reviews the performance of ZACL Fertilizer Division according to the nature of products manufactured, traded and services provided. ZACL Fertilizer Division's Board of Directors act as the Chief Operating Decision Maker for the business.

Segment accounting policies

ZACL Fertilizer Division prepares its segment information in conformity with the accounting policies adopted for preparing and presenting Special Purpose Carve-out Financial Statements of ZACL Fertilizer Division as a whole.

2.B. Significant accounting judgements, estimates and assumptions

The preparation of ZACL Fertilizer Division's Special Purpose Carve-out Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Determining the lease term of contracts with renewal and termination options- ZACL Fertilizer Division as lessee

ZACL Fertilizer Division determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

ZACL Fertilizer Division has several lease contracts that include extension and termination options. ZACL Fertilizer Division applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, ZACL Fertilizer Division reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

b) Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in Note 26.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets wherever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 31 for further disclosures.

d) Provision for expected credit losses of trade receivables

ZACL Fertilizer Division uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and coverage by deposits or other instruments).

The provision matrix is initially based on ZACL Fertilizer Division's historical observed default rates. ZACL Fertilizer Division will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. ZACL Fertilizer Division's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on ZACL Fertilizer Division's trade receivables is disclosed in Note 32.

e) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

f) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that ZACL Fertilizer Division is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by ZACL Fertilizer Division.

g) Revenue from contracts with customers

ZACL Fertilizer Division applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, ZACL Fertilizer Division is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

ZACL Fertilizer Division determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, ZACL Fertilizer Division determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, ZACL Fertilizer Division considers whether the amount of variable consideration is constrained. ZACL Fertilizer Division determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimating variable consideration for returns and volume rebates

ZACL Fertilizer Division estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

ZACL Fertilizer Division developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by ZACL Fertilizer Division.

ZACL Fertilizer Division's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

ZACL Fertilizer Division applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by ZACL Fertilizer Division.

ZACL Fertilizer Division updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and ZACL Fertilizer Division's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

h) Leases - Estimating the incremental borrowing rate

ZACL Fertilizer Division cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that ZACL

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Fertilizer Division would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what ZACL Fertilizer Division 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. ZACL Fertilizer Division estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.C. Changes in accounting policies and disclosures

The ZACL Fertilizer Division applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2018. The nature and the impact of each amendment is described below:

i) Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

ZACL Fertilizer Division has adopted Ind AS 115 using the modified retrospective method of adoption. Under the modified retrospective approach, there are no significant adjustments required to the retained earnings at 1 April 2018 in Special Purpose carve-out financial statement. Also, the application of Ind AS 115 does not have any significant impact on recognition and measurement of revenue and related items in the Special Purpose Carve-out Financial Statements.

ii) Amendment to Ind AS 20 Government grant related to non-monetary asset

The amendment clarifies that where the government grant related to asset, including non-monetary grant at fair value, shall be presented in balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Prior to the amendment, Ind AS 20 did not allow the option to present asset related grant by deducting the grant from the carrying amount of the asset. These amendments do not have any impact on the Special Purpose carve-out financial statements as ZACL Fertilizer Division continues to present grant relating to asset by setting up the grant as deferred income.

iii) Amendment to Ind AS 38 Intangible asset acquired free of charge

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity

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recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on ZACL Fertilizer Division's Special Purpose Carve-out Financial Statements.

iv) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on ZACL Fertilizer Division's Special Purpose Carve-out Financial Statements.

v) Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on ZACL Fertilizer Division's Special Purpose Carve-out Financial Statements.

vi) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments do not have any impact on ZACL Fertilizer Division's Special Purpose Carve-out Financial Statements.

The ZACL Fertilizer Division applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2019. The nature and the impact of each amendment is described below:

ZACL Fertilizer Division applies, for the first time, Ind AS 116 Leases retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

i) Ind AS 116:

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the

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accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

ZACL Fertilizer Division adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not be retrospectively adjusted. ZACL Fertilizer Division elected to apply the standard to contracts that were previously identified as leases applying Ind AS 17. ZACL Fertilizer Division also elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

a. Nature of the effect of adoption of Ind AS 116

ZACL Fertilizer Division has lease contracts for various guest house, retail outlets and land. Before the adoption of Ind AS 116, ZACL Fertilizer Division classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to ZACL Fertilizer Division; otherwise it was classified as an operating lease. Finance leases were capitalised 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 were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the Special Purpose carve-out statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, ZACL Fertilizer Division applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by ZACL Fertilizer Division.

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Leases previously classified as finance leases

ZACL Fertilizer Division did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

ZACL Fertilizer Division recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

ZACL Fertilizer Division also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

b. Amounts recognised in the special purpose carve-out Balance sheet and statement of profit and loss

Set out below, are the carrying amounts of ZACL Fertilizer Division's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			Lease Liabilities	Retained earnings
	Land	Building	Total		
As at 1 April 2019	-	-	-	-	-
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	110.32	7.11	117.43	117.43*	-
Additions	-	35.83	35.83	35.83	-
Disposal	-	(1.09)	(1.09)	(1.09)	-
Depreciation expense	(6.61)	(6.80)	(13.41)	-	(13.41)
Interest expense	-	-	-	21.30	(21.30)
Payments	-	-	-	(25.75)	25.75
As at 31 March 2020	103.71	35.05	138.76	147.72	(8.96)

(INR in millions)

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**discounted operating lease commitment based on weighted average incremental borrowing rate of 10.70% without any reconciling difference as there were no commitments relating to short-term leases.*

ZACL Fertilizer Division recognised no rent expense relating to short-term leases for the twelve months period ended 31 March 2020 and 31 March 2021.

Cash flow from operating activities increased by INR 25.75 million with corresponding decrease in cash flow from financing activities.

ii) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

ZACL Fertilizer Division determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the Special Purpose Carve-out Financial Statements of ZACL Fertilizer Division.

iii) Amendments to Ind AS 12: Income Taxes

The amendments also clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises 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. Since ZACL Fertilizer Division's current practice is in line with these amendments, they had no impact on the Special Purpose Carve-out Financial Statements of ZACL Fertilizer Division.

iv) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate

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business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments have no impact on the Special Purpose Carve-out Financial Statements of ZACL Fertilizer Division.

v) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability/ (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

These amendments had no impact on the Special Purpose Carve-out Financial Statements of ZACL Fertilizer Division as it did not have any plan amendments, curtailments, or settlements during the period.

vi) Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since ZACL Fertilizer Division's current practice is in line with these amendments, they had no impact on the Special Purpose Carve-out Financial Statements of ZACL Fertilizer Division.

The ZACL Fertilizer Division applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2020. The nature and the impact of each amendment is described below:

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Notes to the Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

i) Amendments to Ind AS 103: Definition of a Business

The amendments help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the ZACL Fertilizer Division has not entered into any business combination transaction, the amendments are not expected to have any impact on its special purpose carve-out financial statements.

ii) Amendments to Ind AS 109: Pursuant to benchmark interest rate reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by Inter-Bank Offer Rates (IBOR) reform. Additionally, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Since the ZACL Fertilizer Division does not have any hedge instrument and apply hedge accounting during the period, the amendments are not expected to have any impact on its special purpose carve-out financial statements.

iii) Amendments to Ind AS 1 and Ind AS 8: Definition of “Material”

The amendments refine the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’

The amendments are not expected to have any impact on the ZACL Fertilizer Division’s special purpose carve-out financial statements.

iv) Amendments to Ind AS 116: COVID-19 related rent concessions

The amendments permit lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of COVID-19 pandemic and meet the specific conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

The amendment does not affect lessors. Lessors are required to continue to assess whether rent concessions are lease modifications and account for them accordingly.

Since no rent concessions due to COVID-19 have been availed by the ZACL Fertilizer Division, the amendments are not expected to have a significant impact on the special purpose carve-out financial statements.

2.D. Standards issued but not yet effective

There are no new standards that are notified, but not yet effective, upto the date of issuance of the ZACL Fertilizer Division’s financial statements.

3. Property, plant and equipment

(INR in millions)

	Freehold land (Refer Note 37)	Buildings	Railway siding	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Right to use building	Right to use land	Total	Capital work in progress
Cost											
As at 1 April 2018	3.10	247.69	54.26	4,228.93	23.85	67.04	49.21	-	-	4,674.08	1,135.31
Additions	-	0.97	-	780.19	2.49	16.73	2.75	-	-	803.13	784.30
Borrowing costs	-	-	-	5.30	-	-	-	-	-	5.30	54.75
Disposals / transfer	-	-	-	31.75	0.04	0.22	2.64	-	-	34.65	743.84
As at 31 March 2019	3.10	248.66	54.26	4,982.67	26.30	83.55	49.32	-	-	5,447.86	1,230.52
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 2.C)	-	-	-	-	-	-	-	7.11	110.31	117.42	-
Additions	-	11.17	-	146.85	0.96	30.71	6.55	35.83	-	232.07	203.36
Borrowing costs	-	-	-	-	-	-	-	-	-	-	10.99
Disposals / transfer	-	0.02	-	38.15	0.79	0.42	7.91	1.41	-	48.70	196.23
As at 31 March 2020	3.10	259.81	54.26	5,091.37	26.47	113.84	47.96	41.53	110.31	5,748.65	1,248.64
Additions	-	10.14	-	54.54	0.30	1.25	-	-	-	66.23	105.38
Disposals / transfer	-	0.12	-	6.31	0.97	5.86	2.14	-	-	15.40	64.91
As at 31 March 2021	3.10	269.83	54.26	5,139.60	25.80	109.23	45.82	41.53	110.31	5,799.48	1,289.11
Depreciation and impairment											
As at 1 April 2018	-	34.62	11.64	816.88	9.34	37.93	6.83	-	-	917.24	-
Charge for the year*	-	7.80	4.21	339.54	3.66	11.55	7.86	-	-	374.62	-
Impairment (Refer Note vi below)	-	-	-	-	-	-	-	-	-	-	36.72
Disposals	-	-	-	7.90	-	-	-	-	-	7.90	-
As at 31 March 2019	-	42.42	15.85	1,148.52	13.00	49.48	14.69	-	-	1,283.96	36.72
Charge for the year*	-	7.68	3.31	370.92	3.84	13.45	6.97	6.80	6.61	419.58	-
Disposals	-	0.02	-	21.68	0.77	0.39	4.18	0.31	-	27.35	-
As at 31 March 2020	-	50.08	19.16	1,497.76	16.07	62.54	17.48	6.49	6.61	1,676.19	36.72
Charge for the year*	-	8.95	2.80	369.34	2.75	12.04	5.89	7.51	6.61	415.89	-
Disposals	-	0.12	-	3.05	0.92	5.96	2.04	-	-	12.09	-
As at 31 March 2021	-	58.91	21.96	1,864.05	17.90	68.62	21.33	14.00	13.22	2,079.99	36.72
Net book value											
As at 31 March 2021	3.10	210.92	32.30	3,275.55	7.90	40.61	24.49	27.53	97.09	3,719.49	1,252.39
As at 31 March 2020	3.10	209.73	35.10	3,593.61	10.40	51.30	30.48	35.04	103.70	4,072.46	1,211.92
As at 31 March 2019	3.10	206.24	38.41	3,834.15	13.30	34.07	34.63	-	-	4,163.90	1,193.80
As at 1 April 2018	3.10	213.07	42.62	3,412.05	14.51	29.11	42.38	-	-	3,756.84	1,135.31

*excludes depreciation charged on assets being used under ZACL fertilizer division but not being transferred as per the terms of BTA

For property, plant and equipment existing as on 1 April 2015, i.e., its date of transition to Ind AS, the ZACL Fertilizer Division has used Indian GAAP carrying value of the assets as deemed costs.

i. Property, plant and equipment includes assets pledged as security for borrowings, the borrowings against which the assets are pledged are not being transferred along with ZACL Fertilizer Division of the Company pursuant to the terms of BTA.

ii. Contractual obligations: Refer to Note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iv. Capitalised Expenditure

Borrowing cost:

Plant and equipment include INR Nil (31 March 2020: INR Nil; 31 March 2019: INR 5.30 million) towards borrowing cost capitalised during the year. The rate used to determine the amount of borrowing cost eligible for capitalisation by the Fertilizer Division was Nil (31 March 2020: 10.64% p.a.; 31 March 2019: 10.92% p.a.), which is the effective interest rate of the specific borrowing.

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Balance brought down	167.52	156.53	101.78
Interest expenses	-	10.99	60.05
Sub-Total	167.52	167.52	161.83
Less: Allocated to property, plant and equipment	-	-	5.30
Balance carried over (included in capital work in progress)	167.52	167.52	156.53

v. Capital work in progress

Capital work in progress comprises of expenditure for revamping of ammonia, urea plant and other plant and machinery in the course of construction.

vi. Impairment of CWIP

During the year ended on 31 March 2019, the impairment loss of INR 36.72 million represented the write-down value of Capital work in progress related to Jetty project due to non viability of the project in foreseeable future as internally assessed by the management and same had been charged off to statement of profit and loss.

4. Intangible assets

(INR in millions)

	Software*	Total	Intangible assets under development ##	Total
Cost				
As at 1 April 2018	50.14	50.14	-	50.14
Additions	10.30	10.30	-	10.30
As at 31 March 2019	60.44	60.44	-	60.44
Additions	2.24	2.24	-	2.24
As at 31 March 2020	62.68	62.68	-	62.68
Additions	4.88	4.88	3.66	8.54
Disposals	18.95	18.95	3.31	22.26
As at 31 March 2021	48.61	48.61	0.35	48.96
Amortization				
As at 1 April 2018	34.26	34.26	-	34.26
Charge for the year	10.72	10.72	-	10.72
As at 31 March 2019	44.98	44.98	-	44.98
Charge for the year	0.51	0.51	-	0.51
As at 31 March 2020	45.49	45.49	-	45.49
Charge for the year	9.61	9.61	-	9.61
Disposals	18.95	18.95	-	18.95
As at 31 March 2021	36.15	36.15	-	36.15
Net book value				
As at 31 March 2021	12.46	12.46	0.35	12.81
As at 31 March 2020	17.19	17.19	-	17.19
As at 31 March 2019	15.46	15.46	-	15.46
As at 1 April 2018	15.88	15.88	-	15.88

For Intangible assets existing as on 1 April 2015, i.e., its date of transition to Ind AS, the ZACL Fertilizer Division has used Indian GAAP carrying value of the assets as deemed costs.

*Software consists of cost of ERP licenses and development cost.

Intangible assets under development comprises of software.

5. Financial assets

5A. Loans

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Security deposits						
Unsecured, considered good						
- with related parties (Refer Note 28)	2.93	2.93	2.93	-	-	-
- with others	18.81	21.10	21.67	0.46	3.89	8.12
Other loans and advances						
Secured, considered good						
Loans to employees	1.27	1.73	2.09	0.20	0.31	0.54
Interest accrued on loans to employees	0.59	0.28	0.16	-	-	0.01
Unsecured, considered good						
Loans to employees	0.94	1.40	1.77	0.36	0.52	0.65
Interest accrued on loans to employees	1.17	1.45	0.98	0.06	-	0.34
Total	25.71	28.89	29.60	1.08	4.72	9.66

Loans includes assets pledged as security for borrowings, the borrowings against which the assets are pledged are not being transferred along with ZACL Fertilizer Division of the Company pursuant to the terms of BTA.

Loans are non-derivative financial assets which generate a fixed or variable interest income for the ZACL Fertilizer Division and are measured at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

No loans of the ZACL Fertilizer Division are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans of the ZACL Fertilizer Division are due from firms or private companies respectively in which any director of the Company is a partner, a director or a member.

5B. Other financial assets

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Derivative instruments at fair value through profit or loss						
Derivatives not designated as hedges						
Foreign exchange forward covers	-	-	-	0.24	-	11.63
Other financial assets (Unsecured, considered good)						
Claims receivable (Refer Note i and Note 35)	-	-	120.35	-	15.05	132.28
Receivables from Gas Pool Operator	-	-	-	268.01	560.46	498.38
Rebate/discount receivable from suppliers	-	-	-	-	9.27	19.65
Interest receivable from customers	-	-	-	-	-	-
- from related parties (Refer Note 28)	-	-	-	-	24.78	24.78
Other financial assets (Unsecured, credit impaired)						
Accrued service income	-	-	-	-	7.43	7.43
Claims receivable (Refer Note i below)	-	-	-	-	-	168.14
Less: Credit impaired	-	-	-	-	(7.43)	(175.57)
Total	-	-	120.35	268.25	609.56	686.72

Other financial assets includes assets pledged as security for borrowings, the borrowings against which the assets are pledged are not being transferred along with ZACL Fertilizer Division of the Company pursuant to the terms of BTA.

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

i) In earlier years, the ZACL Fertilizer Division had paid INR 117.10 million to Gas Authority of India Limited (GAIL) towards Take or Pay obligation for the year 2014 against a demand of INR 529.30 million. In terms of Contract with GAIL, this Take or Pay amount could be utilized for future Gas supplies, till that time the amount was shown under Claim receivable. During the year ended 31 March 2019, ZACL Fertilizer Division had made provision for INR 37.12 million against the above claims basis the best possible estimate of recovery at that point of time. During the month of June 2020, the ZACL Fertilizer Division had signed an indenture agreement whereby it had agreed to forfeit the right to receive make-up gas against lump-sum payment of INR 102.05 million, including the provision made earlier, towards settlement of Take or Pay obligation for contract year 2014 and balance amount of INR 15.05 million had been considered good. During the year ended 31 March 2021, the receivable of INR 15.05 million had been adjusted with outstanding balance of GAIL included in trade payables.

The ZACL Fertilizer Division had also paid an amount of INR 131.02 million towards Ship or Pay liability for the month of August 2014 and September 2014 relating to the period during which the Ammonia / Urea plants were under shut down due to force majeure event. During the year ended 31 March 2019, basis assessment performed by the management in discussion with GAIL, the ZACL Fertilizer Division had provided for the amount recoverable of INR 131.02 million for Ship or Pay in the statement of profit and loss.

Break up of financial assets carried at amortised cost

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Loans (Refer Note 5A)	25.71	28.89	29.60	1.08	4.72	9.66
Trade receivables (Refer Note 8)	-	-	-	3,758.71	8,110.39	22,633.40
Other financial assets (Refer Note 5B)	-	-	120.35	268.01	609.56	675.09
Total financial assets carried at amortised cost	25.71	28.89	149.95	4,027.80	8,724.67	23,318.15

6. Other assets

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Unsecured, considered good, except where otherwise stated						
Capital advances	6.63	3.41	12.90	-	-	-
Advances (other than capital advances)						
Others, considered good	-	-	-	120.18	134.42	136.23
Advance to employees	-	-	-	3.39	2.77	8.97
Balances with statutory authorities	-	-	-	202.79	336.79	1,592.69
Refund receivable Goods and Service Tax*	-	-	-	1,383.90	1,012.61	521.18
Prepaid expenses	-	-	-	89.83	78.25	248.08
Gratuity plan asset (Refer Note 26)	-	-	-	-	-	7.45
Total	6.63	3.41	12.90	1,800.09	1,564.84	2,514.60

Other assets includes assets pledged as security for borrowings, the borrowings against which the assets are pledged are not being transferred along with ZACL Fertilizer Division of the Company pursuant to the terms of BTA.

*Vide notification number 26/ 2018 dated 13 June 2018, the Government has amended the definition of "Net Input Tax Credit (ITC)" for the purpose of GST refund on account of inverted duty structure with effect from 1 July 2017 to include ITC availed only on inputs which excludes input services. The management has contested this amendment (both retrospective and prospective) at different levels of authorities including but not limited to filing a writ petition in the Hon'ble High Court of Bombay at Goa in this regard. Basis legal view obtained, the management believes that the refund/utilisation in respect of tax paid on input services would be available and that no liability including interest, if any, would arise from the same. Consequently, the ZACL Fertilizer Division has carried forward an amount of INR 979.77 million (31 March 2020: INR 828.68 million; 31 March 2019: INR 763.40 million) as amount recoverable towards this matter.

7. Inventories (valued at lower of cost and net realisable value)

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Raw materials [includes material in transit: INR 92.61 million (31 March 2020: INR Nil; 31 March 2019: INR 894.58 million)]	1,030.55	1,002.62	2,320.50
Work-in-progress	70.31	121.85	70.00
Finished goods	769.22	885.07	5,171.96
Traded goods	37.58	149.98	2,660.55
Stores and spares	331.65	350.94	344.33
Total	2,239.31	2,510.46	10,567.34

During the year ended 31 March 2021: INR 0.24 million (31 March 2020: INR 14.44 million; 31 March 2019: INR 24.58 million) was recognised as an expense for inventories carried at net realisable value.

Inventories includes assets pledged as security for borrowings, the borrowings against which the assets are pledged are not being transferred along with ZACL Fertilizer Division of the Company pursuant to the terms of BTA.

8. Trade receivables (amortized cost)

	(INR in millions)		
	31 March 2021	31 March 2020	31 March 2019
Trade receivables - related parties (Refer Note 28)	14.60	14.69	72.33
Trade receivables - others	3,744.11	8,095.70	22,561.07
Total	3,758.71	8,110.39	22,633.40

Break-up for security details:

	(INR in millions)		
	31 March 2021	31 March 2020	31 March 2019
From related parties (Refer Note 28)			
Secured, considered good	0.05	0.05	0.05
Unsecured, considered good	14.55	14.64	72.28
From others			
Secured, considered good	188.17	290.14	614.27
Unsecured, considered good [including subsidy receivable from Government of INR 3,205.60 million (31 March 2020: INR 6,810.03 million; 31 March 2019: INR 16,396.10 million)]	3,555.94	7,805.56	21,946.80
Trade receivable - credit impaired	475.67	658.69	104.41
Total	4,234.38	8,769.08	22,737.81
Less: Trade receivable - credit impaired	(475.67)	(658.69)	(104.41)
Total	3,758.71	8,110.39	22,633.40

No trade or other receivables of the ZACL Fertilizer Division are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables of the ZACL Fertilizer Division are due from firms or private companies respectively in which any director of the Company is a partner, a director or a member.

For terms and conditions relating to related party receivables, Refer Note 28.

Trade receivables from dealers are non-interest bearing during the normal credit periods and are generally on terms of 15 to 120 days.

Trade receivables includes assets pledged as security for borrowings, the borrowings against which the assets are pledged are not being transferred along with ZACL Fertilizer Division of the Company pursuant to the terms of BTA.

9. Equity

(INR in millions)

Equity	31 March 2021	31 March 2020	31 March 2019
Owner's net investment*			
As at beginning	1,412.20	24,556.33	19,953.55
Changes in owner's net investment during the year	(4,566.13)	(23,144.13)	4,602.78
As at end	(3,153.93)	1,412.20	24,556.33

*(represents the difference between the assets and liabilities of the ZACL Fertilizer Division being net asset value)

Basis above, other detailed disclosures in respect of Share Capital and Other Equity are not applicable and has not been disclosed in these Special Purpose Carve-out Financial Statements.

10A. Borrowings

(INR in millions)

Non current borrowings (at amortised cost)	31 March 2021	31 March 2020	31 March 2019
From banks			
Secured			
Vehicle loans (Refer Note (a) below)	7.63	19.09	28.67
From others			
Unsecured			
Lease liabilities (Refer Note (b) below)	141.79	147.70	-
Total	149.42	166.79	28.67
Less : Amount disclosed under "Other current financial liabilities"			
-Current maturities of long term borrowings (Refer Note 12)	(6.92)	(10.74)	(10.46)
-Current maturities of lease liabilities (Refer Note 12)	(7.16)	(5.91)	-
Total	135.34	150.14	18.21

(a) Vehicle loans from a Bank of INR 7.63 million (including current maturities: INR 6.92 million) [31 March 2020: INR 19.09 million (including current maturities: INR 10.74 million; 31 March 2019: INR 28.67 million (including current maturities INR 10.46 million)] carry interest rate ranging from 8.38% -10.65% p.a. (31 March 2020: 8.38% - 10.65% p.a.; 31 March 2019: 8.38% - 10.65% p.a.). The loans are repayable in 48 equal monthly instalments starting from February 2017 with the last instalment due on April 2023. The loans are secured by way of hypothecation of respective motor vehicles of the ZACL Fertilizer Division.

(b) Set out below are the carrying amounts of lease liabilities and the movements during the year:

(INR in millions)

	31 March 2021	31 March 2020
Opening	147.70	-
Transition impact on account of adoption of Ind AS 116 "Leases" (Refer Note 3)	-	117.41
Additions	-	35.83
Disposal	-	(1.09)
Accretion of interest	15.14	21.30
Payments	(21.05)	(25.75)
Closing	141.79	147.70
Current	7.16	5.91
Non-current	134.63	141.79

The maturity analysis of lease liabilities are disclosed in Note 32.

The effective interest rate for lease liabilities is 10.70%, with maturity between 2021-2048.

10B. Borrowings

	(INR in millions)		
Current Borrowings	31 March 2021	31 March 2020	31 March 2019
Secured			
From Banks			
Short term loans			
[Nil (31 March 2020: Nil; 31 March 2019: 8.20% p.a.) (including Nil (31 March 2020: 8.20% p.a.; 31 March 2019: 7.72% p.a.) paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement]	-	680.08	1,159.29
Total	-	680.08	1,159.29

Short term loans of INR Nil (31 March 2020: INR 680.08 million; 31 March 2019: INR 1,159.29 million) are secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement.

11. Trade payables

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Trade payables						
- Outstanding dues to related parties (Refer Note 28)	-	-	-	5,916.79	4,218.91	3,458.44
- Outstanding dues to micro and small enterprises (Refer Note 25)	-	-	-	17.96	26.97	48.76
- Outstanding dues to others	-	-	-	7,177.26	8,785.13	9,592.42
Total	-	-	-	13,112.01	13,031.01	13,099.62

12. Other financial liabilities

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Financial liabilities at fair value through profit or loss						
Derivatives not designated as hedges						
Foreign exchange forward covers	-	-	-	13.53	-	340.52
Total financial liabilities at fair value through profit or loss (a)	-	-	-	13.53	-	340.52
Other financial liabilities at amortised cost						
Current maturities of long term borrowings (Refer Note 10A)	-	-	-	6.92	10.74	10.46
Current maturities of lease liabilities (Refer Note 10A)	-	-	-	7.16	5.91	-
Trade deposits - dealers and others						
- from related parties (Refer Note 28)	-	-	-	0.05	0.05	0.05
- from others	-	-	-	975.70	984.03	919.78
Employee benefits payable	-	-	-	61.36	76.32	67.74
Interest accrued but not due on borrowings	-	-	-	27.12	49.69	72.62
Other interest payable*	-	-	-	1,310.06	972.19	488.32
Total other financial liabilities at amortised cost (b)	-	-	-	2,388.37	2,098.93	1,558.97
Total other financial liabilities (a+b)	-	-	-	2,401.90	2,098.93	1,899.49

* - Including INR 32.00 million (31 March 2020: INR 27.91 million; 31 March 2019: INR 19.33 million) outstanding due to Micro and Small Enterprises (Refer Note 25).

* Includes INR 517.98 million (31 March 2020: INR 399.68 million; 31 March 2019: INR 222.86 million) payable to related party on account of overdue interest (Refer Note 28).

Foreign exchange forward contracts

While the ZACL Fertilizer Division entered into other foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Terms and conditions of the above financial liabilities:

Trade payables are normally non-interest bearing. For maturity profile of trade payables and other financial liabilities, Refer Note 32.

For terms and conditions relating to related party payables, Refer Note 28.

For explanations on ZACL Fertilizer Division's credit risk management processes, Refer Note 32.

Break up of financial liabilities carried at amortised cost

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Non current borrowings (Refer Note 10A)	135.34	150.14	18.21	14.08	16.65	10.46
Current borrowings (Refer Note 10B)	-	-	-	-	680.08	1,159.29
Trade payables (Refer Note 11)	-	-	-	13,112.01	13,031.01	13,099.62
Other financial liabilities (Refer Note 12)	-	-	-	2,374.29	2,082.28	1,548.51
Total financial liabilities carried at amortised cost	135.34	150.14	18.21	15,500.38	15,810.02	15,817.88

13. Other liabilities

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Statutory liabilities	-	-	-	12.10	11.27	14.49
Contract liabilities - Advances received from customers*	-	-	-	376.81	534.97	1,250.91
Deferred income	6.57	9.61	-	3.03	3.03	-
Total	6.57	9.61	-	391.94	549.27	1,265.40

* Includes advances received from related parties of INR 198.00 million (31 March 2020: INR 198.00 million; 31 March 2019: INR 1,114.80 million) (Refer Note 28)

*Revenue recognized from amounts included in contract liabilities at the beginning of the year is INR 238.49 million (31 March 2020: INR 1,142.37 million; 31 March 2019: INR 1,452.49 million)

Deferred income

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Opening	12.64	-	-
Deferred during the year	-	15.17	-
Released to the statement of profit and loss	(3.03)	(2.53)	-
Closing	9.61	12.64	-

14. Provisions

(INR in millions)

	Non current			Current		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Provision for employee benefits						
Gratuity (Refer Note 26)	-	-	-	19.56	13.49	-
Leave encashment (unfunded)	-	-	-	171.08	189.11	191.44
Total	-	-	-	190.64	202.60	191.44

15. Income tax

The major components of income tax expense for the years ended 31 March 2021, 2020 and 2019 are:

Profit or loss section (INR in millions)			
	31 March 2021	31 March 2020	31 March 2019
Current income tax:			
Current income tax charge	-	-	-
Sub total	-	-	-
Deferred tax:			
MAT credit reversal in respect of earlier years	-	341.87	-
Adjustments in respect of deferred tax of earlier years	-	11.11	-
Relating to origination and reversal of temporary differences	-	(110.07)	(459.00)
Sub total	-	242.91	(459.00)
Income tax expense/ (income) reported in the statement of profit or loss	-	242.91	(459.00)

OCI section (INR in millions)			
Deferred tax related to items recognised in OCI during the year:			
	31 March 2021	31 March 2020	31 March 2019
Net loss/(gain) on remeasurements of defined benefit plans	(4.50)	3.43	3.14
Deferred tax charged/(credit) to OCI	-	(0.86)	(1.10)

Reconciliation of tax expense/ (income) and the accounting profit multiplied by domestic tax rate for the year:

(INR in millions)			
	31 March 2021	31 March 2020	31 March 2019
Accounting (loss) before Income tax	(1,398.59)	(6,754.60)	(1,356.77)
Income tax rate	25.168%	25.168%	34.944%
At statutory income tax rate	(352.00)	(1,700.00)	(474.11)
Adjustment in respect of tax related to earlier years	-	11.11	-
Non-deductible expenses for tax purpose:			
Interest on Micro and Small Enterprises	1.03	2.16	2.09
Impact of adoption of Section 115BAA*	-	341.87	-
Unrecognized deferred tax asset	350.97	1,599.56	-
Others adjustments	-	16.25	13.02
Impact of change in tax rate, deferred tax calculated: 25.168% (31 March 2020: 25.168%; 31 March 2019: 34.944%)	-	(28.04)	-
Income tax expense/(income) reported in the statement of profit and loss	-	242.91	(459.00)

Deferred tax:

For the year ended 31 March 2021

(INR in millions)			
	As at 1 April 2020	Tax income/(expense) during the year recognised in profit or loss/OCI	As at 31 March 2021
Deferred tax liability:			
Property, plant and equipment and intangible assets impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	479.39	(17.92)	461.47
Total deferred tax liability (A)	479.39	(17.92)	461.47
Deferred tax assets:			
Provision for doubtful debts and advances	165.78	(31.44)	134.34
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	70.09	(19.75)	50.34
Brought forward losses	29.18	(29.18)	-
Unabsorbed depreciation	213.41	60.09	273.50
Others	0.93	2.36	3.29
Total deferred tax assets (B)	479.39	(17.92)	461.47
Deferred tax asset/(liability) (net) (B - A)	-	-	-

For the year ended 31 March 2020

(INR in millions)

	As at 31 March 2019	Tax income/(expense) during the year recognised in profit or loss/OCI	As at 31 March 2020
Deferred tax liability:			
Property, plant and equipment and intangible assets impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	687.23	(207.84)	479.39
Total deferred tax liability (A)	687.23	(207.84)	479.39
Deferred tax assets:			
Provision for doubtful debts and advances	68.91	96.87	165.78
MAT credit entitlement	341.87	(341.87)	-
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	110.16	(40.07)	70.09
Brought forward losses	133.45	(104.27)	29.18
Unabsorbed depreciation	157.60	55.81	213.41
Others	117.29	(116.36)	0.93
Total deferred tax assets (B)	929.28	(449.89)	479.39
Deferred tax asset/(liability) (net) (B - A)	242.05	(242.05)	-

For the year ended 31 March 2019

(INR in millions)

	As at 1 April 2018	Tax income/(expense) during the year recognised in profit or loss/OCI	As at 31 March 2019
Deferred tax liability:			
Property, plant and equipment and intangible assets impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	673.54	13.69	687.23
Total deferred tax liability (A)	673.54	13.69	687.23
Deferred tax assets:			
Provision for doubtful debts and advances	14.68	54.23	68.91
MAT credit entitlement	341.87	-	341.87
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	98.50	11.66	110.16
Brought forward losses	-	133.45	133.45
Unabsorbed depreciation	-	157.60	157.60
Others	0.44	116.85	117.29
Total deferred tax assets (B)	455.49	473.79	929.28
Deferred tax asset/(liability) (net) (B - A)	(218.05)	460.10	242.05

The ZACL Fertiliser Division offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Pursuant to the requirement of paragraph 32 and 33 of the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, tax expense (including deferred tax) has been determined for the ZACL Fertiliser Division as if the carve-out business is a separate taxable entity.

MAT Credit Entitlement of INR 341.87 million as at 1 April 2018 has been allocated to ZACL fertiliser division basis assessment made by the management that it pertains to fertiliser division of the Company.

As at 31 March 2019, deferred tax assets has been recognised on unabsorbed depreciation and current year tax loss, which the management based on the future profitability projections assessed as at that reporting date.

*During the year ended 31 March 2020, the ZACL Fertiliser Division has made assessment regarding recognition criteria in relation to deferred tax asset and tax balances on the basis of future profitability projections and manner/period of utilization thereof along with paying Income Tax at reduced rates as per the provisions/conditions defined in the new Section 115BAA in the Income Tax Act, 1961, inserted vide the Taxation Laws (Amendment) Ordinance 2019. Consequentially, the ZACL Fertiliser division has recognised deferred tax assets on brought forward losses and unabsorbed depreciation and reversed the balance of MAT credit entitlement, which shall not be available for set off under the provisions of Section 115BAA of the Income Tax Act, 1961. Deferred tax assets on unabsorbed business losses and unabsorbed depreciation has been recognised only to the extent of deferred tax liabilities, in view of uncertainty of recovery of such assets.

For the year ended 31 March 2021, deferred tax assets on unabsorbed business losses and unabsorbed depreciation has been recognised only to the extent of deferred tax liabilities, in view of uncertainty of recovery of such assets.

16. Revenue from operations

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Revenue from contracts with customers			
Sale of products			
Finished products	22,166.72	17,072.13	33,362.02
Traded products	11.82	2,804.06	13,749.94
Other operating revenues			
Scrap sales	15.32	27.64	20.67
Revenue from operations	22,193.86	19,903.83	47,132.63

(INR in millions)

Timing of revenue recognition	31 March 2021	31 March 2020	31 March 2019
Goods transferred to the customers at a point in time	22,193.86	19,903.83	47,132.63
Total revenue from contracts with customers	22,193.86	19,903.83	47,132.63

(INR in millions)

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price	31 March 2021	31 March 2020	31 March 2019
Revenue as per contracted price	22,218.06	20,135.31	47,219.58
Adjustments			
Discount	(24.20)	(231.48)	(86.95)
Revenue from contract with customers	22,193.86	19,903.83	47,132.63

Performance obligation

ZACL Fertilizer Division recognises revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 15 to 120 days from delivery.

ZACL Fertilizer Division also recognises the subsidy income receivable from the Government of India as per New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) Fertilizers at the time of sale of goods to its customers. The Direct Benefit Transfer (DBT) Scheme entails 100% payment of subsidy to ZACL Fertilizer Division on the basis of actual sales by the retailer to the beneficiary, however, the performance obligation of ZACL Fertilizer Division is satisfied upon delivery of the goods to its customer.

ZACL Fertilizer Division does not have any other performance obligation in respect of its supply of goods to the customers.

a. Sales of Finished Product and Traded Products include Government subsidies of INR 12,002.40 million (31 March 2020: INR 9,603.82 million; 31 March 2019: INR 20,331.75 million). Subsidies include INR 61.59 million (31 March 2020: INR Nil; 31 March 2019: INR 227.90 million) in respect of earlier years, notified during the year.

b. Subsidy for Urea has been accounted based on notified concession price under New Urea Policy 2015 and other adjustments as estimated in accordance with known policy parameters in this regard. W.e.f 1 October 2020, the Company has accounted Urea subsidy based on the revised energy norms under New Urea Policy 2015.

c. Government of India has notified the pooling of Gas in Fertilizer (Urea) sector effective from June 2015. As per the notification domestic Gas is pooled with Re-gasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

d. The subsidy on Phosphatic and Potassic fertilizers has been accounted for as per concession price notified by the Government of India under Nutrient Based Subsidy Policy, from time to time.

17. Other income

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Interest Income on			
Overdue debtors, employee loans etc.	0.27	0.27	210.82
Other non-operating income			
Excess provision/unclaimed liabilities/unclaimed balances written back	139.12	37.36	42.52
Foreign exchange variation (net)	55.16	-	-
Miscellaneous income	66.46	51.23	69.98
Total	261.01	88.86	323.32

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
In relation to Financial assets classified at amortised cost	0.27	0.27	210.82
Total	0.27	0.27	210.82

18. Cost of raw materials and components consumed

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Inventory at the beginning of the year	1,002.62	2,320.50	1,327.43
Add: Purchases	15,375.89	8,640.55	28,174.00
Add: Transfer of stock for captive consumption	-	-	285.11
	16,378.51	10,961.05	29,786.54
Less: Inventory at the end of the year	(1,030.55)	(1,002.62)	(2,320.50)
Cost of raw materials and components consumed	15,347.96	9,958.43	27,466.04

19. Purchase of traded goods

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Traded goods purchase details			
Imported Di-ammonium phosphate (IDAP)	2.74	29.53	8,244.02
Imported Muriate of potash (IMOP)	3.19	247.02	4,299.11
Complex Fertilizers	-	15.79	196.87
Compost	6.16	-	-
Others	0.83	-	-
Cost of traded goods purchased	12.92	292.34	12,740.00

20. Changes in inventories of finished goods, traded goods and work-in- progress

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Inventories at the end of the year			
Finished goods	769.22	885.07	5,171.96
Traded goods	37.58	149.98	2,660.55
Work-in-progress	70.31	121.85	70.00
	877.11	1,156.90	7,902.51
Inventories at the beginning of the year			
Finished goods	885.07	5,171.96	1,747.90
Traded goods	149.98	2,660.55	1,828.19
Work-in-progress	121.85	70.00	131.63
	1,156.90	7,902.51	3,707.72
	279.79	6,745.61	(4,194.79)

21. Employee benefits expense

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Salaries, wages and bonus	514.74	588.20	596.39
Contribution to provident and other funds	51.42	57.58	51.00
Gratuity expense (Refer Note 26)	9.11	8.90	8.49
Staff welfare expenses	102.21	100.91	134.81
Total	677.48	755.59	790.69

22. Finance costs

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Interest expense	1,909.37	2,436.18	2,478.96
Exchange difference to the extent considered as an adjustment to borrowing cost	6.28	94.14	241.52
Other borrowing cost	117.20	147.26	251.99
Total	2,032.85	2,677.58	2,972.47

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
In relation to Financial liabilities classified at amortised cost	1,909.37	2,436.18	2,478.96
Total	1,909.37	2,436.18	2,478.96

23. Depreciation and amortization expense

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Depreciation of property, plant and equipment (Refer Note 3)	422.29	437.64	383.78
Amortisation of intangible assets (Refer Note 4)	9.61	0.51	10.72
Total	431.90	438.15	394.50

24. Other expenses	(INR in millions)		
	31 March 2021	31 March 2020	31 March 2019
Stores and spares consumed	54.59	66.19	115.52
Power, fuel and water	2,527.32	1,848.65	3,090.99
Bagging and other contracting charges	198.22	187.27	253.35
Outward freight and handling	1,600.65	1,117.84	3,511.27
Rent	27.90	167.36	187.13
Rates and taxes	7.06	8.51	4.53
Insurance	71.66	85.38	34.98
Repairs and maintenance			
Buildings	24.51	15.74	44.55
Plant and machinery	263.65	223.43	308.40
Others	31.51	7.44	37.72
Provision for doubtful receivable/advances	33.25	970.02	94.12
Subsidy claims written off	18.85	15.66	14.12
Foreign exchange variation (net)	-	329.87	284.47
Impairment of capital work-in-progress	-	-	36.72
Loss on disposal of property, plant and equipment (net)	1.67	16.54	21.69
Advances write-off	0.10	238.27	177.84
Miscellaneous expenses*	209.62	581.42	426.41
Total	5,070.56	5,879.59	8,643.81
*Payments to statutory auditors			
As statutory auditors			
Audit fees	5.50	5.50	5.50
Tax audit fee	0.89	0.85	1.04
Limited review fees	1.99	1.99	1.99
In other capacity			
Other services (includes certification fees, rights issue etc.)	8.07	4.42	7.19
Reimbursement of expenses	0.19	1.83	0.79
Total	16.64	14.59	16.51

25 Dues to Micro, Small and Medium Enterprises

ZACL Fertilizer Division has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

(INR in millions)

	31 March 2021	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 due to micro and small enterprises	17.96	26.97	48.76
- Interest due on above	4.09	8.58	5.99
The amount of interest paid by the buyer 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 interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	32.00	27.91	19.33
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	4.09	8.58	5.99

Zuari Agro Chemicals Limited - Fertilizer Division

Notes to Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

26. Gratuity and other post-employment benefit plans

	(INR in millions)		
	31 March 2021	31 March 2020	31 March 2019
- Gratuity Plan- Asset/ (Liability)*	(19.56)	(13.49)	7.45
- Provident Fund -Asset**	11.75	8.60	22.01
Total	(7.81)	(4.89)	29.46

*Plan assets of INR Nil (31 March 2020: INR Nil, 31 March 2019: INR 7.45 million) have been recognised in other assets in respect of ZACL Fertilizer Division.

**Plan assets of INR 11.75 million (31 March 2020: INR 8.60 million; 31 March 2019: INR 22.01 million) have not been recognised in the Special Purpose Carve-out Financial Statements, as the surplus of the trust, is distributable among the beneficiaries of the provident fund trust. The above includes amount contributed by Zuari Global Limited and Zuari Farmhub Limited (related parties of ZACL Fertilizer Division).

a) Gratuity

Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement/termination/resignation. The Gratuity plan for ZACL Fertilizer Division is a defined benefit scheme where annual contributions as demanded by the insurer are deposited, to a Gratuity Trust Fund established to provide gratuity benefits. The Trust has taken an Insurance policy, whereby these contributions are transferred to the insurer. ZACL Fertilizer Division makes provision of such gratuity asset/liability in the books of account on the basis of actuarial valuation carried out by an independent actuary.

b) Provident fund

As per Ind-AS 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Actuarial valuation of Provident Fund is carried out in accordance with the guidance note issued by Actuary Society of India.

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

Net employee benefits expense (recognized in employee cost) for the year ended

	(INR in millions)		
	Gratuity		
	31 March 2021	31 March 2020	31 March 2019
Current Service Cost	8.19	9.48	10.10
Net Interest Cost	0.92	(0.58)	(1.61)
Total	9.11	8.90	8.49

Zuari Agro Chemicals Limited - Fertilizer Division

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Amount recognised in other comprehensive income for the year ended

(INR in millions)

	Gratuity		
	31 March 2021	31 March 2020	31 March 2019
Actuarial (gain)/ loss			
- change in demographic assumptions	-	(0.01)	-
- change in financial assumptions	2.86	1.04	1.88
- experience variance (i.e. actual experiences vs assumptions)	(1.97)	(3.80)	(2.22)
Return on plan assets (excluding amounts included in net interest expense)	(5.39)	6.20	3.48
Total	(4.50)	3.43	3.14

Changes in the present value of the defined benefit obligation for the year are as follows:

Gratuity:

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Opening defined obligation	171.05	183.19	187.40
Current service cost	8.19	9.48	10.10
Interest cost	11.71	14.23	14.71
Re-measurement (or Actuarial) (gain) / loss arising from :			
- change in demographic assumptions	-	(0.01)	-
- change in financial assumptions	2.86	1.04	1.88
- experience variance (i.e. Actual experiences vs assumptions)	(1.97)	(3.80)	(2.22)
Benefits paid	(40.84)	(33.08)	(31.22)
Transfer in/(out)	1.50	-	2.54
Defined benefit obligation	152.50	171.05	183.19

Provident fund:

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Opening defined obligation	1,319.76	1,300.38	1,211.78
Current service cost	105.47	24.81	23.34
Interest cost	17.76	107.97	93.39
Contributions by Employee / plan participants	60.68	69.17	65.77
Benefits Paid out of funds	(285.90)	(209.37)	(184.64)
Re-measurement (or Actuarial) (gain) / loss arising from :			
- experience variance	10.82	4.00	1.12
Settlements / transfer in	16.09	22.80	89.62
Defined benefit obligation	1,244.68	1,319.76	1,300.38

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Changes in the fair value of plan assets are as follows:

Gratuity:

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Opening fair value of plan assets	157.56	190.64	210.66
Interest income	10.79	14.81	16.32
Return on plan assets (excluding amounts included in net interest expense) - Other comprehensive income	5.39	(6.20)	(3.48)
Contribution by Employer	0.44	-	-
Benefits paid	(40.84)	(33.08)	(31.23)
Transfer in/(out)	(0.40)	(8.61)	(1.63)
Closing fair value of plan assets	132.94	157.56	190.64

ZACL Fertilizer Division expects to contribute INR 28.18 million (31 March 2020: INR 22.37 million; 31 March 2019: INR 2.69 million) to gratuity fund in the next financial year.

Provident fund:

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Opening fair value of plan assets	1,328.35	1,322.40	1,235.84
Interest income	112.91	114.71	95.78
Return on plan assets (excluding amounts included in net interest expense) - Other comprehensive income	7.74	(15.28)	2.94
Employer Contribution	17.76	24.81	23.34
Plan participants/ Employee contribution	60.68	69.17	65.77
Benefits paid	(285.90)	(209.37)	(184.64)
Settlements / Transfer in	14.89	21.91	83.37
Closing fair value of plan assets	1,256.43	1,328.35	1,322.40

ZACL Fertilizer Division expects to Contribute INR 19.54 million (31 March 2020: INR 54.57 million; 31 March 2019: INR 34.23 million) to provident fund trust in the next financial year.

Gratuity

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Investment with insurer (Life Insurance Corporation of India)	132.94	157.56	190.64

Provident fund (managed through trust)

(INR in millions)

	31 March 2021	31 March 2020	31 March 2019
Equities and related investments	43.63	25.72	34.26
Other Government Securities	600.44	632.71	626.64
Other Debt instruments	293.66	299.71	235.91
Others	318.70	370.21	425.59

Zuari Agro Chemicals Limited - Fertilizer Division
Notes to Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the year over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

Investment pattern in plan assets:

	Gratuity			Provident fund		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Funds managed by insurance companies	100%	100%	100%	-	-	-
Funds managed by trust	-	-	-	100%	100%	100%

The principal assumptions used in determining benefit obligation for ZACL Fertilizer Division's plans are shown below:

	Gratuity		
	31 March 2021	31 March 2020	31 March 2019
Discount rate (in %)	6.75%	6.85%	7.75%
Salary Escalation (in %)	8% for first 2 years and 6.5% thereafter	8% for first 2 years and 6.5% thereafter	9% for first 2 years and 7.5% thereafter
Mortality Rate (in %)(Up to Normal Retirement Age)	100%	100%	100%
Withdrawal rate (per annum)	1%-3%	1%-3%	1%-3%

	Provident fund		
	31 March 2021	31 March 2020	31 March 2019
Discount rate (in %)	6.75%	6.85%	7.75%
Mortality Rate (in %)(Up to Normal Retirement Age)	100%	100%	100%
Withdrawal rate (per annum)	1%-3%	1%-3%	1%-3%

A quantitative sensitivity analysis for significant assumption for ZACL Fertilizer Division as at the year end are as shown below:
Gratuity Plan

	31 March 2021		31 March 2020		31 March 2019	
Assumptions	Discount rate		Discount rate		Discount rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions
Defined benefit obligation	(10.39)	11.99	(9.77)	11.19	(10.33)	11.76

Zuari Agro Chemicals Limited - Fertilizer Division

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	31 March 2021		31 March 2020		31 March 2019	
Assumptions	Future salary increases		Future salary increases		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions
Impact on defined benefit obligation	11.26	(10.00)	10.56	(9.43)	11.08	(9.99)

	31 March 2021		31 March 2020		31 March 2019	
Assumptions	Attrition rate		Attrition rate		Attrition rate	
Sensitivity Level	50% increase	50% decrease	50% increase	50% decrease	50% increase	50% decrease
	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions
Impact on defined benefit obligation	0.10	(0.14)	0.11	(0.12)	0.07	(0.08)

	31 March 2021		31 March 2020		31 March 2019	
Assumptions	Mortality rate (in %)		Mortality rate (in %)		Mortality rate (in %)	
Sensitivity Level	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions
Impact on defined benefit obligation	-	(0.03)	0.01	(0.01)	0.01	(0.01)

A quantitative sensitivity analysis for significant assumption for ZACL Fertilizer Division as at the year end is as shown below:

Provident fund

	31 March 2021		31 March 2020		31 March 2019	
Assumptions	Interest rate		Interest rate		Interest rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions	INR in millions
Impact on defined benefit obligation	60.21	(22.67)	61.71	(11.86)	62.01	(3.68)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Zuari Agro Chemicals Limited - Fertilizer Division**Notes to Special Purpose Carve-out Financial Statements for the financial years ended 31 March 2021, 2020 and 2019****Maturity Profile of Defined benefit obligation:**

Expected cash flows over the next (valued on undiscounted basis):

	Gratuity		
	31 March 2021	31 March 2020	31 March 2019
	INR in millions	INR in millions	INR in millions
Within the next 12 months (next annual reporting year)	19.65	50.27	42.93
Between 1 and 5 years	70.86	60.40	84.86
Between 5 and 10 years	51.64	66.19	59.73
Beyond 10 years	148.92	118.66	156.89

The average duration of the defined benefit plan obligation at the end of the reporting year is 7 years (31 March 2020: 6 years; 31 March 2019: 6 years).

27. Commitments and Contingencies**A. Leases:****Operating Lease - as lessee**

i) The ZACL Fertilizer Division has entered into the operating leases on certain godowns, office premises and vehicles with lease term between 1 to 15 years and are renewable / cancellable at the option of either of parties. The ZACL Fertilizer Division also has the option, under some of its leases, to lease the assets for additional term of 3 to 5 years. There are no restrictions imposed by the lease arrangements. There are no subleases.

The aggregate amount of operating lease payments recognized in the statement of profit and loss (including minimum lease payment) is INR Nil (31 March 2020: INR Nil; 31 March 2019: INR 187.13 million).

ii) Future minimum rental payable under non cancellable operating lease are as follows:

(INR in millions)			
	31 March 2021	31 March 2020	31 March 2019
i) Lease payments for the year	-	-	5.01
ii) Payable for a period not later than one year	-	-	5.18
iii) Payable for a period later than one year and not later than 5 years	-	-	1.48
iv) Payable for the period later than 5 years	-	-	-

B. Contingent liabilities:**Claims against ZACL Fertilizer Division not acknowledged as debts**

(INR in millions)			
	31 March 2021	31 March 2020	31 March 2019
I Demands / Claims from Government Authorities*			
(A) Demands from Sales Tax and Other Authorities			
i) Demand notice from commercial tax department Goa towards non-registration under Goa Green Cess Act, 2013 as being importer of natural gas	429.13	429.13	-
ii) Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06-CE dt 1 March 2006 (as amended by notification no. 4/2011-CE dt. 1 March 2011) towards Counter-Vailing Duty (CVD) for the imports at Navasheva port for the period 24 March 2011 to 2 December 2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre-deposit and penalty	2.61	2.61	2.61
iii) Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 1 April 2001 to 28 February 2006. The ZACL Fertilizer Division has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order	28.47	28.47	28.47
iv) Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002-03 and 2003-04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order	14.83	14.83	14.83
v) Customs Duty Differential on finalised Bill of Entries-Dharamatar Port-Order by Deputy Commissioner of Customs(P) Alibaug Division	7.10	7.10	7.10
vi) Demand Notice from CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18	276.73	276.73	276.73
vii) Interest appropriation on Demand raised by CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18	75.63	75.63	-
viii) Demand notice from GST department, Gujarat towards recovery of refund issued erroneously for the month of August 2017	49.25	-	-
ix) Demand for non-payment of service tax under reverse charge mechanism on manpower supply services and GTA services for Financial year 2015-16 and 2016-17	26.61	-	-
x) Demand for non payment of service tax on filling, weighing & stitching contract and internal transportation service from April 2017 -Jun 2017	3.15	-	-
xi) Demand for non payment of R&D Cess on foreign consultancy services for the period April 2015 to June 2017	27.72	-	-
xii) Demand from Directorate of Revenue Intelligence towards wrongful availment of exemption notification based on SEIS scrips	14.05	-	-
II Other claims against ZACL Fertilizer Division not acknowledged as debts*			
i) Claims against ZACL Fertilizer Division not acknowledged as debts	25.14	25.14	8.70

*Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by ZACL Fertilizer Division, the management does not expect these claims to succeed and hence, no provision there against is considered necessary.

C. Financial Guarantees:

(INR in millions)			
	31 March 2021	31 March 2020	31 March 2019
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**	44.69	52.10	239.86

** Bank guarantees are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to ZACL Fertilizer Division and ZACL Fertilizer Division's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

D. Commitments:

(INR in millions)			
	31 March 2021	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	378.92	408.78	481.16

28. Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods are:

(i) Holding of the ZACL Fertilizer Division

- 1) Zuari Agro Chemicals Limited - non fertilizer division

(ii) Subsidiaries of the ZACL - Non Fertilizer Division

- 1) Mangalore Chemicals and Fertilizers Limited
- 2) Zuari Farm Hub Limited (ZFL) (w.e.f. 23 March 2020)

(iii) Joint ventures of the ZACL - Non Fertilizer Division

- 1) Paradeep Phosphates Limited – Subsidiary of Zuari Maroc Phosphates Private Limited

(iv) Key Management Personnel

- 1) Mr. Saroj Kumar Poddar - Chairman
- 2) Mr. Sunil Sethy - Additional Director w.e.f 28 July 2017 and Managing Director w.e.f 1 August 2017 upto 1 August 2020
- 3) Mr. Nitin M. Kantak - Executive Director (w.e.f 3 September 2020)
- 4) Mr. Sandeep Agrawal - Chief Financial Officer (upto 11 April 2019)
- 5) Mr. Samrat Sen - Chief Financial Officer (w.e.f. 12 April 2019 up to 14 December 2019)
- 6) Mr. R K Gupta - Chief Financial Officer (w.e.f. 5 February 2020)
- 7) Mr. R.Y. Patil - Vice President and Company Secretary (up to 31 March 2020)
- 8) Mr. N. Suresh Krishnan - Non-Executive Director
- 9) Mr. Akshay Poddar - Non-Executive Director
- 10) Mr. Marco Wadia - Independent Director
- 11) Mr. Gopal Krishna Pillai – Independent Director (upto 31 March 2020)
- 12) Mr. J.N. Godbole – Independent Director (upto 17 February 2020)
- 13) Ms. Kiran Dhingra - Independent Director (upto 31 March 2021)
- 14) Mr. Vijayamahantesh Khannur - Company Secretary (w.e.f. 1 April 2020)
- 15) Mr. Dipankar Chatterji - Independent Director (w.e.f 14 February 2020)
- 16) Mr. L.M.Chandrasekaran - Independent Director (w.e.f 27 June 2020)

(v) Parties having significant influence

- 1) Zuari Global Limited
- 2) Simon India Limited
- 3) Zuari Management Services Limited
- 4) Zuari Infracore India Limited
- 5) Zuari Finserv Limited
- 6) Gobind Sugar Mills Limited (subsidiary of Zuari Investments Limited)
- 7) Zuari Indian Oiltanking Private Limited

(vi) Details of Post Employment Benefit Plans managed through separate trusts (para 9 (b) (v) of Ind AS 24)

- 1) Zuari Industries Limited Employee Provident Fund
- 2) Zuari Industries Limited Senior Staff Superannuation Fund
- 3) Zuari Industries Limited Non Management Employees Pension Fund
- 4) Zuari Industries Limited Gratuity Fund

Balance Outstanding as on years ended:

(INR in millions)													
S. No	Particulars	31 March 2021				31 March 2020				31 March 2019			
		Zuari Agro Chemicals Limited - Non Fertilizer Division	Subsidiaries of the ZACL - Non Fertilizer Division	Joint ventures of the ZACL - Non Fertilizer Division	Parties having significant influence over ZACL - Non Fertilizer Division	Zuari Agro Chemicals Limited - Non Fertilizer Division	Subsidiaries of the ZACL - Non Fertilizer Division	Joint ventures of the ZACL - Non Fertilizer Division	Parties having significant influence over ZACL - Non Fertilizer Division	Zuari Agro Chemicals Limited - Non Fertilizer Division	Subsidiaries of the ZACL - Non Fertilizer Division	Joint ventures of the ZACL - Non Fertilizer Division	Parties having significant influence over ZACL - Non Fertilizer Division
1	Trade payables :												
	- Mangalore Chemicals and Fertilizers Limited	-	805.01	-	-	-	801.97	-	-	-	526.96	-	-
	- Paradeep Phosphates Limited	-	-	5,100.09	-	-	-	3,414.68	-	-	-	2,923.28	-
	- Zuari Global Limited	-	-	-	8.93	-	-	-	2.26	-	-	-	0.46
	- Zuari Finserv Limited	-	-	-	1.13	-	-	-	-	-	-	-	-
	- Simon India Limited	-	-	-	-	-	-	-	-	-	-	-	4.80
	- Zuari Management Services Limited	-	-	-	1.16	-	-	-	-	-	-	-	2.56
	- Zuari Infraworld India Limited	-	-	-	0.47	-	-	-	-	-	-	-	0.38
2	Interest payable :												
	- Mangalore Chemicals and Fertilizers Limited	-	281.55	-	-	-	163.25	-	-	-	62.30	-	-
	- Paradeep Phosphates Limited	-	-	236.43	-	-	-	236.43	-	-	-	160.56	-
3	Trade receivable :												
	- Gobind Sugar Mills Limited	-	-	-	14.60	-	-	-	14.69	-	-	-	72.33
4	Interest accrued/received on trade receivable :												
	- Paradeep Phosphates Limited	-	-	-	-	-	-	24.78	-	-	-	24.78	-
5	Security deposits given :												
	- Zuari Infraworld India Limited	-	-	-	2.93	-	-	-	2.93	-	-	-	2.93
6	Advance from customers												
	- Mangalore Chemicals and Fertilizers Limited	-	198.00	-	-	-	198.00	-	-	-	41.37	-	-
	- Paradeep Phosphates Limited	-	-	-	-	-	-	-	-	-	-	1,073.43	-
7	Trade deposit received :												
	- Gobind Sugar Mills Limited	-	-	-	0.05	-	-	-	0.05	-	-	-	0.05
8	Gratuity fund balance :												
		-	-	-	132.94	-	-	-	157.56	-	-	-	190.64
9	Provident fund balance* :												
		-	-	-	1,256.43	-	-	-	1,328.35	-	-	-	1,322.40

*Includes amount contributed by Zuari Global Limited and Zuari Farmhub Limited (related parties of ZACL Fertilizer Division).

Following transactions were carried out amongst the related parties in the ordinary course of business for the years ended:

(INR in millions)													
S. No	Transaction details	31 March 2021				31 March 2020				31 March 2019			
		Zuari Agro Chemicals Limited - Non Fertilizer Division	Subsidiaries of the ZACL - Non Fertilizer Division	Joint ventures of the ZACL - Non Fertilizer Division	Parties having significant influence over ZACL - Non Fertilizer Division	Zuari Agro Chemicals Limited - Non Fertilizer Division	Subsidiaries of the ZACL - Non Fertilizer Division	Joint ventures of the ZACL - Non Fertilizer Division	Parties having significant influence over ZACL - Non Fertilizer Division	Zuari Agro Chemicals Limited - Non Fertilizer Division	Subsidiaries of the ZACL - Non Fertilizer Division	Joint ventures of the ZACL - Non Fertilizer Division	Parties having significant influence over ZACL - Non Fertilizer Division
1	Expenses incurred on their behalf												
	- Paradeep Phosphates Limited	-	-	1.68	-	-	-	4.21	-	-	-	13.52	-
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	-	0.63	-	-	-	1.87
	- Mangalore Chemicals and Fertilizers Limited	-	1.15	-	-	-	1.07	-	-	-	1.34	-	-
	- Zuari Global Limited	-	-	-	-	-	-	-	0.07	-	-	-	-
2	Expenses incurred on our behalf												
	- Paradeep Phosphates Limited	-	-	0.08	-	-	-	-	-	-	-	54.27	-
	- Simon India Limited	-	-	-	-	-	-	-	-	-	-	-	4.18
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	-	-	-	-	-	0.03
	- Mangalore Chemicals and Fertilizers Limited	-	0.02	-	-	-	0.04	-	-	-	0.09	-	-
3	Service charges paid												
	- Zuari Management Services Limited	-	-	-	56.73	-	-	-	37.12	-	-	-	31.34
4	Transfer of employee benefits												
	- Paradeep Phosphates Limited	-	-	0.78	-	-	-	0.88	-	-	1.64	-	-
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	0.81
	- Simon India Limited	-	-	-	-	-	-	-	-	-	-	-	0.63
5	Purchase of traded goods												
	- Paradeep Phosphates Limited	-	-	-	-	-	-	-	-	-	-	113.34	-
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	-	-	-	-	-	447.64	-	-
6	Purchase of raw materials												
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	-	-	-	-	-	3.92	-	-
	- Paradeep Phosphates Limited	-	-	4,712.30	-	-	-	613.15	-	-	-	1,625.15	-
7	Rebate received on purchase of traded goods												
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	-	-	-	-	-	7.18	-	-
	- Paradeep Phosphates Limited	-	-	-	-	-	-	-	-	-	-	0.22	-
8	Rebate received on purchase of Raw Material												
	- Paradeep Phosphates Limited	-	-	134.02	-	-	-	43.63	-	-	-	-	-
9	Sale of finished goods												
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	-	-	-	-	-	457.91	-	-
	- Paradeep Phosphates Limited	-	-	2,988.12	-	-	-	933.78	-	-	-	2,338.35	-
	- Zuari Agro Chemicals Limited - Non Fertilizer Division	-	-	-	-	358.75	-	-	-	626.76	-	-	-
	- Zuari Farm Hub Limited	-	488.60	-	-	-	-	-	-	-	-	-	-
10	Sale of Traded goods												
	- Zuari Agro Chemicals Limited - Non Fertilizer Division	-	-	-	-	37.30	-	-	-	143.04	-	-	-
11	Rebate paid on sales of traded goods												
	- Mangalore Chemicals and Fertilizers Limited	-	-	-	-	-	57.75	-	-	-	-	-	-
	- Paradeep Phosphates Limited	-	-	79.87	-	-	-	-	-	-	-	-	-
12	Other expenses												
	- Zuari Global Limited	-	-	-	118.62	-	-	-	-	-	-	-	-
13	Interest paid												
	- Paradeep Phosphates Limited	-	-	-	-	-	-	75.87	-	-	-	160.56	-
	- Mangalore Chemicals and Fertilizers Limited	-	118.28	-	-	-	112.17	-	-	-	64.27	-	-
14	Interest income on trade receivable												
	- Gobind Sugar Mills Limited - Net of reversal of INR Nil (31 March 2020: INR 5.51 million, 31 March 2019: INR 12.56 million)	-	-	-	-	-	-	-	(5.51)	-	-	-	(4.61)
	- Paradeep Phosphates Limited	-	-	-	-	-	-	-	-	-	-	24.78	-
15	Service income received												
	- Paradeep Phosphates Limited	-	-	-	-	-	-	16.26	-	-	-	24.54	-
	- Zuari Global Limited	-	-	-	-	-	-	-	0.25	-	-	-	-
16	Rent paid												
	- Zuari Global Limited	-	-	-	5.00	-	-	-	4.84	-	-	-	4.44
	- Zuari Infraworld India Limited	-	-	-	4.39	-	-	-	4.29	-	-	-	3.90
17	Contribution to gratuity fund												
	-	-	-	-	0.44	-	-	-	-	-	-	-	-
18	Contribution to superannuation fund												
	-	-	-	-	10.64	-	-	-	11.54	-	-	-	13.13
19	Contribution to provident fund (including employees contribution)												
	-	-	-	-	54.63	-	-	-	65.07	-	-	-	64.58
20	Contribution to contributory pension fund (including employees contribution)												
	-	-	-	-	8.53	-	-	-	7.90	-	-	-	8.74

Terms and conditions of transactions with related parties
The transactions of sale and purchases with related parties are made on terms equivalent to those prevailing in arm's length transactions. The outstanding balances at the year end of trading activities are generally unsecured. Interest is charged as per terms of the contract with the related parties which is at arm's length. The net outstanding balances are settled generally in cash.

There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 March 2021, ZACL Fertilizer Division has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: INR Nil; 31 March 2019: INR Nil).

Compensation of key management personnel of ZACL Fertilizer Division*				
(INR in millions)				
	31 March 2021	31 March 2020	31 March 2019	
Short-term employee benefits	7.14	-	-	
Retirement benefits	0.47	-	-	
Total compensation paid to key management personnel	7.61	-	-	

*The amount disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for the gratuity and compensated absences are provided on an actuarial basis for ZACL Fertilizer Division as a whole, the amount pertaining to the key management personnel is not ascertainable and therefore not included above.

29 Segment Information

Information regarding Primary Segment Reporting as per Ind AS-108

The ZACL Fertilizer Division is engaged in the business of manufacturing, trading and marketing of chemical fertilizers and fertilizer products which according to the management, is considered as the only business segment.

Accordingly, no separate segmental information has been provided herein.

Geographical Segments

The ZACL Fertilizer Division operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, geographical segment information is not required to be disclosed.

Revenue from single customer i.e. Government of India amounted to INR 12,002.40 million (31 March 2020: INR 9,603.82 million; 31 March 2019: INR 20,331.75 million) arising from sales in the fertilizers segment.

30 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of ZACL Fertilizer Division's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value			Fair value		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
Financial assets						
Others:						
Employee loans and interest thereon	4.59	5.69	6.54	4.59	5.69	6.54
Security deposits	22.20	27.92	32.72	22.20	27.92	32.72
Foreign exchange forward covers	0.24	-	11.63	0.24	-	11.63
Claims receivable	-	15.05	252.63	-	15.05	252.63
Other financial assets	268.01	594.51	542.81	268.01	594.51	542.81
Total financial assets	295.04	643.17	846.33	295.04	643.17	846.33
Financial Liabilities						
Borrowings						
Long term borrowings	149.42	166.79	28.67	149.42	166.79	28.67
Short term borrowings	-	680.08	1,159.29	-	680.08	1,159.29
Others:						
Foreign exchange forward covers	13.53	-	340.52	13.53	-	340.52
Other financial liabilities	2,374.29	2,082.28	1,548.51	2,374.29	2,082.28	1,548.51
Total financial liabilities	2,537.24	2,929.15	3,076.99	2,537.24	2,929.15	3,076.99

The management assessed that all the financial assets and liabilities including trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments and for floating rate debt instruments, based on their respective sanction letter, their carrying amounts approximates to the fair value.

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.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The following methods and assumptions were used to estimate the fair values:

(i) Derivative financial instruments - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date. The fair value of foreign currency option contracts is determined using the Black Scholes valuation model. The derivatives are entered into with the banks counterparties with investment grade credit ratings.

(ii) Security deposits / Employee loans - The fair value of security deposits / employee loans approximates the carrying value and hence, the valuation technique and inputs have not been given.

31 Fair value measurements**(i) Financial instruments by category**

(INR in millions)

	31 March 2021		31 March 2020		31 March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets						
Loans and interest thereon	-	4.59	-	5.69	-	6.54
Security deposits	-	22.20	-	27.92	-	32.72
Trade receivables	-	3,758.71	-	8,110.39	-	22,633.40
Foreign exchange forward covers	0.24	-	-	-	11.63	-
Other receivables	-	268.01	-	609.56	-	795.44
Total Financial assets	0.24	4,053.51	-	8,753.56	11.63	23,468.10
Financial liabilities						
Borrowings	-	149.42	-	846.87	-	1,187.96
Trade payables	-	13,112.01	-	13,031.01	-	13,099.62
Foreign exchange forward covers	13.53	-	-	-	340.52	-
Others	-	2,374.29	-	2,082.28	-	1,548.51
Total Financial liabilities	13.53	15,635.72	-	15,960.16	340.52	15,836.09

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of ZACL Fertilizer Division's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets:

(INR in millions)

	Fair value measurement using			
	Date of Valuation (31 March 2021)			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Assets for which fair values are disclosed				
Employee loans and interest thereon	4.59	-	4.59	-
Security deposits	22.20	-	22.20	-
Foreign exchange forward covers	0.24	-	0.24	-
Other financial assets	268.01	-	268.01	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for assets:

(INR in millions)

	Fair value measurement using			
	Date of Valuation (31 March 2020)			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Assets for which fair values are disclosed				
Employee loans and interest thereon	5.69	-	5.69	-
Security deposits	27.92	-	27.92	-
Claims receivable	15.05	-	15.05	-
Other financial assets	594.51	-	594.51	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for assets:

	(INR in millions)			
	Fair value measurement using			
	Date of Valuation (31 March 2019)			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Assets for which fair values are disclosed				
Employee loans and interest thereon	6.54	-	6.54	-
Security deposits	32.72	-	32.72	-
Foreign exchange forward covers	11.63	-	11.63	-
Claims receivable	252.63	-	252.63	-
Other financial assets	542.81	-	542.81	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities:

	(INR in millions)			
	Fair value measurement using			
	Date of Valuation (31 March 2021)			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Liabilities measured at fair value				
Foreign exchange forward covers	13.53	-	13.53	-
Liabilities for which fair values are disclosed				
Long term borrowings	149.42	-	149.42	-
Short term borrowings	-	-	-	-
Other financial liabilities	2,374.29	-	2,374.29	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities:

	(INR in millions)			
	Fair value measurement using			
	Date of Valuation (31 March 2020)			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Liabilities measured at fair value				
Foreign exchange forward covers	-	-	-	-
Liabilities for which fair values are disclosed				
Long term borrowings	166.79	-	166.79	-
Short term borrowings	680.08	-	680.08	-
Other financial liabilities	2,082.28	-	2,082.28	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities:

	(INR in millions)			
	Fair value measurement using			
	Date of Valuation (31 March 2019)			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Liabilities measured at fair value				
Foreign exchange forward covers	340.52	-	340.52	-
Liabilities for which fair values are disclosed				
Long term borrowings	28.67	-	28.67	-
Short term borrowings	1,159.29	-	1,159.29	-
Other financial liabilities	1,548.51	-	1,548.51	-

There have been no transfers between level 1, level 2 and level 3 during the year.

32 Financial risk management objectives and policies

The ZACL Fertilizer Division's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the ZACL Fertilizer Division's operations. The ZACL Fertilizer Division's principal financial assets include loans, trade and other receivables that derive directly from its operations. The ZACL Fertilizer Division's also enters into derivative transactions. The ZACL Fertilizer Division's is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

The ZACL Fertilizer Division's risk management is carried out by a treasury department under policies approved by the Board of directors of the Company. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the ZACL Fertilizer Division's. The Board of directors of the Company (Committee of directors for Banking and Finance) provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings. The sensitivity analysis in the following sections relate to the position as at 31 March 2021, 31 March 2020 and 31 March 2019.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions, and other non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

-The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021, 31 March 2020 and 31 March 2019.

a) 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.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, ZACL Fertilizer Division's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	(INR in millions)		
		Effect on profit before tax for the year ended		
		31 March 2021	31 March 2020	31 March 2019
INR Borrowings	+50	(31.29)	(36.37)	(47.12)
USD Borrowings	+50	-	-	-
INR Borrowings	-50	31.29	36.37	47.12
USD Borrowings	-50	-	-	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The ZACL Fertilizer Division's uses foreign exchange forward contracts to manage its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for years consistent with foreign currency exposure of the underlying transactions, generally from one to 7 months.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR, with all other variables held constant. The impact on the ZACL Fertilizer Division's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

	Change in foreign currency rate	(INR in millions)		
		Effect on profit before tax for the year ended		
		31 March 2021	31 March 2020	31 March 2019
USD	+5%	(138.93)	(133.04)	(247.88)
	-5%	138.93	133.04	247.88

c) Commodity price risk

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

(ii) ZACL Fertilizer Division deals in purchase of imported Fertilizers (i.e. DAP and MOP), which are imported by ZACL Fertilizer Division and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact. The ZACL Fertilizer Division is not significantly affected by price volatility of the raw materials as government on a time to time basis, revises the subsidy rates payable to the fertilizer industry based on the market trend.

(iii) ZACL Fertilizer Division also deals in purchase of imported raw materials (i.e. P2O5, Ammonia, Potash and Urea), which are imported by ZACL Fertilizer Division and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk. The ZACL Fertilizer Division is not significantly affected by price volatility of the raw materials as government on a time to time basis, revises the subsidy rates payable to the fertilizer industry based on the market trend.

Credit risk

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

a) Trade receivables

ZACL Fertilizer Division receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, ZACL Fertilizer Division extends credit to customers in normal course of business. ZACL Fertilizer Division considers factors such as credit track record in the market and past dealings for extension of credit to customer. ZACL Fertilizer Division monitors the payment track record of the customer. Outstanding customer receivables are regularly monitored. ZACL Fertilizer Division has also taken security deposits from its customers, which mitigate the credit risk to some extent. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. ZACL Fertilizer Division holds collateral as security for many of its customers. At 31 March 2021: 18.30% (31 March 2020: 14.81%; 31 March 2019: 9.69%) of ZACL Fertilizer Division's trade receivables from customers are covered by collateral security. ZACL Fertilizer Division evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions, operate in largely independent markets and are having long term business relationship with ZACL Fertilizer Division.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The ZACL Fertilizer Division adjusts the receipts from customer on first in first out basis. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than five years and are not subject to enforcement activity. Security collaterals obtained by the ZACL Fertilizer Division resulted in a decrease in the ECL of INR 23.95 million as at 31 March 2021 (31 March 2020: INR 45.57 million; 31 March 2019: INR 40.57 million). The ZACL Fertilizer Division has performed certain key steps for recoverability of trade receivables including but not limited to reconciliation with its customers, filing of legal cases with customers, recoverability assessment of aged receivables and etc. Based on these steps taken by the management, the ZACL Fertilizer Division has provided based on their best estimate INR 334.61 million (31 March 2020: INR 499.93 million; 31 March 2019: INR Nil) in the statement of profit and loss.

Set out below is the information about the credit risk exposure of ZACL Fertilizer Division's trade receivables from customers and contract asset using provision matrix:

		(INR in millions)						
	Contract Asset	<1 Yr.	1-2 Yrs.	2-3 Yrs.	3-4 Yrs.	4-5 Yrs.	>5 Yrs.	Grand Total
31 March 2021	ECL Rate	0.68%	1.57%	1.63%	6.98%	8.56%	100.00%	
	Estimated total gross carrying amount at default	140.78	143.85	227.04	294.86	118.84	103.41	1,028.78
	ECL- simplified approach	0.96	2.26	3.69	20.57	10.17	103.41	141.06
	Net carrying amount	139.82	141.59	223.35	274.29	108.67	-	887.72
31 March 2020	ECL Rate	0.22%	0.92%	1.45%	6.99%	16.13%	100.00%	
	Estimated total gross carrying amount at default	826.63	427.24	239.17	143.73	217.92	104.36	1,959.05
	ECL- simplified approach	1.81	3.93	3.47	10.05	35.14	104.36	158.76
	Net carrying amount	824.82	423.31	235.70	133.68	182.78	-	1,800.29
31 March 2019	ECL Rate	0.29%	0.62%	0.83%	2.40%	6.75%	100.00%	
	Estimated total gross carrying amount at default	4,843.93	622.75	344.36	423.60	36.02	71.05	6,341.71
	ECL- simplified approach	14.05	3.85	2.87	10.16	2.43	71.05	104.41
	Net carrying amount	4,829.88	618.90	341.49	413.44	33.59	-	6,237.30

Reconciliation of provision for doubtful debts, loans, other financial assets and other advances falling under stage 3 of impairment testing:

	(INR in millions)		
	Trade receivables	Other financial assets	Total
Provision as on 1 April 2018:	10.30	-	10.30
Add: Provision made during the year	94.12	175.57	269.69
Less: Provision utilized during the year	-	-	-
Provision as on 31 March 2019:	104.41	175.57	279.98
Add: Provision made during the year	970.02	-	970.02
Less: Provision utilized/ reversed during the year	(415.74)	(168.14)	(583.88)
Provision as on 31 March 2020:	658.69	7.43	666.12
Add: Provision made for doubtful debts during the year	33.25	-	33.25
Less: Provision utilized/ reversed during the year	(216.27)	-	(216.27)
Provision as on 31 March 2021	475.67	7.43	483.10

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by ZACL Fertilizer Division's treasury department in accordance with the guidelines framed by the board of directors of ZACL Fertilizer Division. Guidelines broadly covers the selection criterion and over all exposure which ZACL Fertilizer Division can take with a particular financial institution or bank. Further the guideline also covers the limit of overall deposit which ZACL Fertilizer Division can make with a particular bank or financial institution. ZACL Fertilizer Division does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Liquidity risk

ZACL Fertilizer Division's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. ZACL Fertilizer Division relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. ZACL Fertilizer Division monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that ZACL Fertilizer Division does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of ZACL Fertilizer Division's financial liabilities based on contractual undiscounted payments.

	(INR in millions)				
	Less than 1 Year	1-3 Years	3-5 years	> 5 years	Total
Year ended 31 March 2021					
Borrowings	6.92	0.71	-	-	7.63
Lease Liabilities	21.65	37.67	41.01	232.53	332.86
Other financial liabilities	2,374.29	-	-	-	2,374.29
Trade and other payables	13,112.01	-	-	-	13,112.01
Foreign exchange forward covers	13.53	-	-	-	13.53
	15,528.40	38.38	41.01	232.53	15,840.32
Year ended 31 March 2020					
Borrowings	690.82	8.35	-	-	699.17
Lease Liabilities	21.05	40.10	39.28	253.48	353.91
Other financial liabilities	2,082.28	-	-	-	2,082.28
Trade and other payables	13,031.01	-	-	-	13,031.01
Foreign exchange forward covers	-	-	-	-	-
	15,825.16	48.45	39.28	253.48	16,166.37
Year ended 31 March 2019					
Borrowings	1,169.75	18.21	-	-	1,187.96
Other financial liabilities	1,548.51	-	-	-	1,548.51
Trade and other payables	13,099.62	-	-	-	13,099.62
Foreign exchange forward covers	340.52	-	-	-	340.52
	16,158.40	18.21	-	-	16,176.61

33 Capital management

The ZACL Fertilizer Division is dependent upon the Company for all of its working capital and financing requirements as the fertilizer division of the Company uses a centralized approach to cash management and financing of its operations. Equity, as disclosed represents the difference between the assets and liabilities of the ZACL Fertilizer Division being net asset value. The ZACL Fertilizer Division's primary capital management objectives for the ZACL Fertilizer Division are to ensure its ability to continue as a going concern and to optimize the cost of capital.

The following table summarises the capital of the ZACL Fertilizer Division:

	(INR in millions)		
	31 March 2021	31 March 2020	31 March 2019
Non current borrowings (Refer Note 10A)	149.42	166.79	28.67
Current borrowings (Refer Note 10B)	-	680.08	1,159.29
Trade payables (Refer Note 11)	13,112.01	13,031.01	13,099.62
Other financial liabilities (Refer Note 12)	2,387.82	2,082.28	1,889.03
Net debts	15,649.25	15,960.16	16,176.61
Total equity (Refer note 9)	(3,153.93)	1,412.20	24,556.33
Equity and net debt	12,495.32	17,372.36	40,732.94
Gearing ratio (%)	125.24%	91.87%	39.71%

- 34a.** In earlier years, based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the ZACL Fertilizer Division has accrued additional freight subsidy income of INR 304.37 million relating to Urea and INR 291.06 million for Phosphoric and Potassic Fertilisers.

Out of the above, the ZACL Fertilizer Division has raised and submitted bills for additional freight subsidy of INR 39.24 million (upto 31 March 2020: INR 237.01 million, upto 31 March 2019: INR Nil) relating to Urea and INR 212.98 million (upto 31 March 2020: INR Nil, upto 31 March 2019: INR Nil) for Phosphoric and Potassic Fertilisers.

As the proforma/format for raising the bills for the additional freight subsidy is recently notified, ZACL Fertilizer Division is in process of raising the balance bills and bills amounting to INR 241.18 million (31 March 2020: INR 351.11 million; 31 March 2019: INR 595.43 million) is still pending for collection. The ZACL Fertilizer Division is hopeful to realize the above entire amount of INR 241.18 million (31 March 2020: INR 351.11 million; 31 March 2019: INR 595.43 million).

- 34b.** Based on Department of Fertilizers (DoF) notification no. 12012/3/2010 - FPP dated 2 April 2014, the ZACL Fertilizer Division has accrued subsidy income of INR 1,089.46 million for the period from 1 April 2014 to 31 March 2020 (upto 31 March 2020: INR 1,089.46 million, up to 31 March 2019: INR 978.89 million) towards reimbursement of additional fixed cost at the rate of INR 350 per MT and special compensation of INR 150 per MT to urea units which had completed 30 years and converted to gas. During the year ending 31 March 2020, DoF issued circular F.No.12012/2/2010-FPP dated 30 March 2020 for smooth implementation of provisions of Modified NPS III.

During the year ending 31 March 2021, based on above mentioned circular, the ZACL Fertilizer Division has submitted bills and received the accrued subsidy income from April 2014 to March 2018 of INR 778.67 million. Pursuant to the circular issued by DoF, from April 2018 onwards, DoF has revised the rates of retention price and included this additional fixed cost and special compensation as part of retention price.

- 35.** In the financial year 2013-14, Ministry of Agriculture, Government of India, had declared 47,635 MT (INR 1,556.52 million) of DAP, imported by the ZACL Fertilizer Division as not meeting the standards specified by Fertilizer Control Order, 1985 (FCO). During the financial year ended 31 March 2015, out of the total quantity, based on the permission given by Department of Fertilisers (DOF), 31,174.15 MT has been re-exported back and out of 16,460.85 MT remaining material lying in the field, 15,484.80 MT was used as raw material for non-agriculture purpose. The ZACL Fertilizer Division had, based on its estimate, accounted for claim of INR 271.29 million for loss suffered by it as the contract with the supplier provides that the ZACL Fertilizer Division has the right to claim entire amount as compensation from the supplier in the event it is found the goods are not conforming to FCO norms by laboratory authorized by Government of India.

Out of the above claim, the ZACL Fertilizer Division is carrying receivable of INR Nil (31 March 2020: INR Nil; 31 March 2019: INR 159.65 million). The ZACL Fertilizer Division has entered into a Memorandum of Understanding (MoU) with the supplier in April 2019 for purchase of material and the supplier has agreed to give rebates for adverse market conditions during an earlier period. Accordingly, the ZACL Fertilizer Division has reviewed the cash flows from the supplier towards recovery of the amount and has discounted the long term portion of the inflows. Consequently, the ZACL Fertilizer Division has booked an impairment loss of INR Nil (31 March 2020: INR 139.41 million; 31 March 2019: INR 61.13 million) on the receivable in the statement of profit and loss.

- 36.** Department of Fertilizers (DOF), Government of India, issued an office memorandum dated 8 July 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the fertilizer companies to their warehouse for onward sale during the month of February and March 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India's policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Company in its ZACL Fertilizer Division had recognized INR 222.31 million in the earlier years being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March 2013 but sold in 2012-13 and 2013-14 respectively. During the financial year ended 31 March 2015, the Company in its ZACL Fertilizer Division had reversed the subsidy income of INR 27.41 million for the quantities imported and dispatched during the month of February and March 2013 and has been carrying a receivable of INR 194.90 million (31 March 2020: INR 194.90 million; 31 March 2019: INR 194.90 million) in respect of the above matter.

However, as per the office Memorandum dated 16 April 2018 issued by the Department of Fertilizer, the Government has ex-post facto approved the subsidy paid on specific quantity of P&K fertilizer received in the relevant district during the months of February 2013 and March 2013 in different year since 2012-13 as the rates fixed for the next financial year which were lower than the rate approved by cabinet /CCEA for that year. The Company for its ZACL Fertilizer Division has represented to the Department of Fertilizer that the material moved in February 2013 and March 2013 was part of the approved movement plan of January 2013 and hence Nutrient Based Subsidy rates of 2013 should be applicable and had filed a writ petition at Hon'ble High Court of Delhi (DHC) against Department of Fertilizer to recover this amount. Pursuant to the court order the Court hearing was granted by DoF to present its claims and also submitted written representations.

DoF vide their order dated 29 September 2019 had rejected the representation and submissions by the Company against which the Company has filed writ petition to the higher authority against the order passed by DoF. On 3 March 2021 DHC has issued notice in the writ petition and has directed DoF to file its reply. DoF has filed its reply on 27 July 2021, and the Company has been directed to file its rejoinder within six weeks thereafter. Matter is next listed on 9 December 2021. Based on the legal assessment done by the Company for its ZACL Fertilizer Division, it is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

- 37.** In terms of demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the land records of some of the land parcels are in the process of being mutated in the name of the ZACL Fertilizer Division.
- 38.** The Company has assessed the impact of COVID - 19 and concluded that there is no material impact on the operations of the ZACL Fertilizer Division and no material adjustment is required at this stage in the Special Purpose Carve-out Financial Statements for the year ended 31 March 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID - 19 and the impact may be different from the estimates considered while preparing these Special Purpose Carve-out Financial Statements.
- 39.** During the year ended 31 March 2021, the ZACL Fertilizer Division has recorded demurrage charges and ship or pay charges of INR Nil (31 March 2020: INR 799.51 million; 31 March 2019: INR Nil) in cost of raw material consumed. Further, basis review of recoverability for certain assets including but not limited to trade receivables, advances and other assets, impairment of INR Nil (31 March 2020: INR 1,184.31 million; 31 March 2019: INR Nil), has been recorded in other expenses in the statement of profit and loss.

40. The Company through its ZACL Fertilizer Division is engaged in the manufacture, distribution, import and sale of Urea, DAP and various grades of NPK fertilizers under the "Jai kisaan" brand for more than 5 decades. In Q4 of FY19 and Q1 of FY20, due to significant delays in receipt of Government Subsidies, drought like situation in key marketing areas led to deterioration of the liquidity position of the Company primarily pertaining to ZACL Fertilizer Division along-with elongation of the working capital cycle and also a built up of high-priced inventory. The Company was unable to pass on the increase in the prices of the raw materials to the farmers which contributed to operating losses, cash flow mismatch and reduced financial flexibility leading to the ZACL Fertilizer Division having a net current (liability) / asset position of INR (8,029.05) million as at 31 March 2021 (31 March 2020: INR (3,761.92) million; 31 March 2019: INR 18,796.48 million). These factors adversely impacted ZACL Fertilizer Division's cash flows, debt position, recall of borrowings by certain lenders of the Company, downgrading of Company's rating to ICRA D and prolonged shutdown of its plants for different periods during the earlier periods.

With optimal working capital liquidation/ realization and in agreement with lenders on the resolution plan, the Company had cleared all the overdues with Banks / Financial Institutions and have reduced its borrowings and all debt accounts are standard with the lenders. All these helped the Company upgrading its credit ratings to ICRA B stable in April 2020 which though shifted to Credit rating ICRA B placed under watch in July 2020.

During the year ended 31 March 2021, Ammonia and Urea plant operated at normal levels except for a temporary period when plants operated at lower load due to disruption in bagging operations due to COVID-19 pandemic. Further, operations of NPK A plant were intermittently closed during the said year and at NPK B plant operations resumed from the end of October 2020, which was primarily due to non-availability of raw materials.

The management of the Company believes that the ZACL Fertilizer Division will be able to realize its assets and discharge its liabilities in the normal course of business and thus, material uncertainty will be resolved due to various steps undertaken, restructuring, ongoing discussion with other lenders for funding as required, expected advance from PPL for the acquisition of the assets of ZACL Fertilizer Division and future cash flow projections, the management of the Company believes that the ZACL Fertilizer Division have enough resources for the payment of its obligations.

41. Pursuant to board approval dated 22 February 2021, the Company entered into a Business Transfer Agreement (BTA) dated 1 March 2021 with Paradeep Phosphates Ltd (PPL), subsidiary of Zuari Maroc Phosphates Private Limited (ZMPPL), a joint venture company (the Company and OCP S.A. hold 50% each of the total equity capital of ZMPPL and ZMPPL holds 80.45% of the share capital of PPL) to transfer its fertilizer plant at Goa and associated businesses as going concern on a slump sale basis for an agreed enterprise value of INR 20,522.54 million (converted basis the enterprise value of USD 280 million as per the BTA).
42. The Company had received a requisition under section 100(2) of the Companies Act, 2013 from a group of shareholders holding 10.69% of shares, requesting the Board to call for an Extraordinary General Meeting (EGM) to discuss matters including proceeding against the two BTAs, i.e. (i) the Business Transfer Agreement (BTA) dated 1 March 2021 to transfer its fertilizer plant at Goa and its associated businesses to Paradeep Phosphates Limited (as explained above in note 2.A); and (ii) BTA dated 31 March 2020 to transfer its assets and liabilities of its retail, speciality nutrient business (SPN) & allied, crop protection & care business (CPC), seeds and blended businesses to Zuari Farmhub Limited (ZFL) with effect from 31 March 2020, on a going concern basis under a slump sale. The EGM was called on by Board of Directors on 23 June 2021 through video conferencing/ other audio visual means. However, since the requisite quorum was not present at the EGM, thereby the EGM of the Members of the Company called by the requisitionists under Section 100, was cancelled for want of quorum as stipulated under Section 103(2)(b) of the Companies Act, 2013. Necessary filings in this regard have already been made by the Company as required by the statute.
43. 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 and the final rules/interpretation have not yet been issued. The ZACL Fertilizer Division 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. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

44. Adjustment for events after approval of financial statements of the Company by the Board of Directors of the Company in their meeting held on 28 May 2021

As mentioned in Note 2.A of these Special Purposes Carve-out Financial Statements, on 30 July 2021 an addendum to the Business Transfer Agreement dated 1 March 2021 was executed between the Company and PPL to (A) amend the long stop date from 30 June 2021 to 31 December 2021 under Clause 1.1 of the Business Transfer Agreement; (B) amend clause 4.5.2 (a) of Business Transfer Agreement from 'All outstanding amounts under the Working Capital Facility Agreement in relation to any fund-based facility will be repaid and settled by the Seller prior to Completion Date, and the Seller shall deposit sufficient funds with the relevant member of the SBI Consortium to settle any non-fund based facility availed under the Working Capital Facility Agreement' to 'All outstanding amounts under the Working Capital Facility Agreement in relation to any fund-based facility will be repaid and settled by the Seller prior to or on Completion Date, and the Seller shall deposit sufficient funds with the relevant member of the SBI Consortium to settle any non-fund based facility availed under the Working Capital Facility Agreement'; and (C) to include, 'Further, in light of the extension of the Long Stop Date, the Parties agreed that the Purchaser shall provide necessary interim financial assistance to the Seller including financial assistance for energy improvement project of the Seller, in the form and manner as may be mutually acceptable to the Parties in writing, that the Seller may require to operate the Business prior to the Completion Date, and such financial assistance shall be adjusted towards the Purchase Consideration payable by the Purchaser under the Agreement'.

Pursuant to above addendum and commercial understanding between the Company and PPL, the management of both the companies have decided that the Working Capital Facility Agreement in relation to any fund-based facility will be repaid and settled by the Company prior to or on Completion Date and would not be assumed by PPL. The impact of the same has been considered in these Special Purposes Carve-out Financial Statements and accordingly the short term borrowings of INR 7,260.84 million, INR 7,715.94 million, INR 23,024.63 million as at end of each of the financial years ended 31 March 2021, 2020 and 2019 respectively has not been included as part of these Special Purposes Carve-out Financial Statements with the corresponding impact in the owner's net investment for each of the respective years.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
Zuari Agro Chemicals Limited

per Vishal Sharma
Partner
Membership Number : 096766

Nitin M Kantak
Executive Director
DIN: 08029847

N. Suresh Krishnan
Director
DIN: 00021965

Raj Kumar Gupta
Chief Financial Officer

Vijayamahantesh Khannur
Company Secretary
Membership Number: A19257

Place : Faridabad
Date: 10 August 2021

Date: 10 August 2021

OTHER FINANCIAL INFORMATION

The audited standalone financial statements of our Company as at and for the year ended March 31, 2021, March 31, 2020, and March 31, 2019, together with all the annexures, schedules and notes thereto (“**Standalone Financial Statements**”) are available at https://www.paradeepphosphates.com/investor/annual_reports. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Standalone Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act 2013, the SEBI ICDR Regulations, or any other applicable laws in India or elsewhere in the world. The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the “**Group**”) and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any BRLMs, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

The details of accounting ratios derived from Financial Statements required to be disclosed under the SEBI ICDR Regulations are set forth below:

(₹ in million, unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Earnings per equity share (Face Value of ₹ 10 per share)			
Basic (in ₹)	3.88	3.36	2.76
Diluted (in ₹)	3.88	3.36	2.76
Return on Net Worth %⁽¹⁾	12.22%	12.05%	10.72%
Net asset value per equity share ⁽¹⁾	31.76	27.87	25.77
Weighted average number of equity shares for Basic and Diluted Earnings Per Equity Share	575,450,000	575,450,000	575,450,000
Earnings before interest, tax, depreciation and amortisation (EBITDA) ⁽²⁾	5612.56	4938.29	4807.48
Profit for the year	2,232.68	1,932.20	1,589.63
Equity Share Capital	5,754.50	5,754.50	5,754.50
Other equity	12520.60	10280.84	9072.63
Net worth, as restated and consolidated ⁽¹⁾	18,275.10	16,035.34	14,827.13

⁽¹⁾ Ratios have been computed as below:

- Basic and diluted earnings per equity share: Basic and diluted earnings per share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).
- Net worth (as restated and consolidated) is equal to sum of equity share capital and other equity
- Return on net worth (%) = Profit for the year as divided by net worth as at the end of the year.
- Net asset value per equity share is computed as closing net worth divided by closing outstanding number of equity shares
- EBITDA is calculated as profit for the year plus tax expense, finance costs and depreciation and amortisation expense

(₹ in million, unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year	2,232.68	1,932.20	1,589.63
Closing outstanding number of equity shares	575,450,000	575,450,000	575,450,000
Equity share capital (A)	5,754.50	5,754.50	5,754.50
Other equity (B)	12,520.60	10,280.84	9,072.63
Net worth (C) (restated and consolidated) (C= A+B)	18,275.10	16,035.34	14,827.13
Return on net worth % (Profit for the year/ C)	12.22%	12.05%	10.72%
Net asset value per equity share (C/ Closing outstanding number of equity shares)	31.76	27.87	25.77]

⁽²⁾ Reconciliation from profit for the year to EBITDA

(₹ in million)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year (a)	2,232.68	1,932.20	1,589.63
Add:-			
Tax expense (b)	1,432.35	363.42	924.34
Finance costs (c)	1,114.25	1,917.91	1,592.53
Depreciation and amortisation expense (d)	833.28	724.76	700.98
EBITDA (e= a+b+c+d)	5,612.56	4,938.29	4,807.48

The following table sets forth the reconciliation of Goa Facility Loss before tax to Earnings before interest, taxes, depreciation and amortisation (EBITDA):

(₹ in million)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss before tax	(1398.59)	(6,754.60)	(1,356.77)
Add: Depreciation of property, plant and equipment	422.29	437.64	383.78
Less: Interest Income	(0.27)	(0.27)	(210.82)
Add: Amortisation of intangible assets	9.61	0.51	10.72
Add: Finance costs	2032.85	2677.58	2972.47
EBITDA*	1,065.89	(3,639.14)	1,799.38

*Earnings before interest, taxes, depreciation and amortisation (EBITDA) is calculated as profit before tax plus depreciation of property, plant and equipment, amortisation of intangible assets, finance costs and less interest income.

EBITDA is a supplemental measure of performance and liquidity useful to an investor in evaluating us as it is widely used measures even though not required by or presented in accordance with Ind AS. It is not a measurement of financial performance under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, loss for the years or any other measure or indicator of financial performance derived in accordance with Ind AS. In addition, It is a not standardised term and other companies may calculate it differently from us, hence a direct comparison between companies may not be possible and has limited usefulness as a comparative measure.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2021, on the basis of our Restated Consolidated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations*”, “*Restated Consolidated Financial Information*” and “*Risk Factors*” on pages 382, 241 and 26, respectively.

(in ₹ million)

Particulars	Pre-Offer as at March 31, 2021	As adjusted for the proposed Offer
Total borrowings		
Current Borrowings	10,616.71	[●]
Non-current borrowings (including current maturities of non-current borrowings)	1,895.01	[●]
Total equity		
Equity share capital (A)	5,754.50	[●]
Other equity (B)	12,520.60	[●]
Total capital (C= A+B)	18,275.10	[●]
Ratio: (Non-current borrowings (including current maturities of non-current borrowings)/ C)	0.10:1	[●]

FINANCIAL INDEBTEDNESS

Pursuant to our Articles of Association and applicable provisions of the Companies Act 2013 and pursuant to the special resolution passed by our Shareholders on September 23, 2016, our Board is entitled to borrow money through loans, advances, credit etc., both domestic and foreign currency borrowings, up to an amount of ₹55,000 million (including public deposits but excluding temporary loans obtained from the Company's bankers in the ordinary course of business) from banks, financial institutions and other sources from time to time for financing working capital requirements, acquisition of capital assets and/or for any other requirements of the Company, both capital and revenue in nature, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, i.e., the reserves not set apart for any specific purposes.

A brief summary of the indebtedness of our Company on as on June 30, 2021 is provided below:

(in ₹ million)		
Category of borrowings	Sanctioned amount	Outstanding amount as on June 30, 2021
Secured Loans		
Working capital facilities		
Cash Credit and working capital demand loan	12,890.00	2.04
Other Long Term borrowings taken from banks or Financial Institutions	5,640.00	2,479.20
Other Short Term borrowings (import finance)	20,500.00	11,647.80
Total secured loans (A)	39,030.00	14,129.04
Unsecured loans		
Corporate Credit Card	100.00	62.87
Total unsecured loans (B)	100.00	62.87
Total indebtedness (A+B)	39,130.00	14,191.191

*As certified by J. C. Bhalla & Co., Chartered Accountants, through a certificate dated August 12, 2021

Principal terms of the borrowings availed by our Company

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us.

- (4) **Interest:** The interest rates for the term loan facilities typically ranges from 7.30% per annum to 9.70% per annum and is tied to a base rate/ MCLR as specified by the lenders with a reset option. Each of the sub-limits of our working capital facilities have distinct rates of interest/commission charges prescribed which are tied to a base rate/ MCLR as specified by the lenders. The line of credit facility within the working capital facilities typically have specific commission rates prescribed, with provisions ranging from 0.10% per annum (after the first quarter) to 50% concession on the effective card rate.
- (5) **Prepayment Penalty:** Some of the facilities availed by us carry a pre-payment penalty on the pre-paid amount or on the outstanding amount, as applicable.
- (6) **Validity/Tenor:** The tenor of the term loans availed by us range from 36 months to 82 months and our working capital facilities are typically repayable on demand, with a tenor ranging from seven days to 365 days.
- (7) **Security:** In terms of our borrowings where security needs to be created, such security typically includes:
 - (a) charge by way of hypothecation on movable fixed assets, book debts and all other current assets, both present and future; and
 - (b) charge by way of mortgage on both present and future movable fixed assets and immovable assets, owned or leased.

Please note that the abovementioned list is indicative and there may be additional securities created under various borrowing arrangements by us.

⁽⁸⁾ **Repayment:** The term loans availed by our Company are typically repayable in monthly or quarterly instalments, and the working capital loans are repayable in accordance with the terms stipulated in the relevant facility documents, as applicable.

⁽⁹⁾ **Key Covenants:** Several of our financing arrangements entail various restrictive covenants and conditions restricting certain corporate actions, and we are required to take the lender's prior written consent and/or intimate the respective lender before carrying out such actions, including:

- (a) any scheme of merger, amalgamation, compromise or reconstruction;
- (b) any change in the constitution, ownership or control of our Company, including whereby the effective beneficial ownership of our Company shall change;
- (c) any change in the management, directors, of the business of our Company;
- (d) any change in the capital structure and shareholding pattern of our Company;
- (e) any amendments in our Company's Memorandum and Articles;
- (f) to create, assume or incur any further indebtedness or enter into any borrowing arrangement with any bank or financial institution;
- (g) to effect any dividend payout, in case of delays in payment of dues or breach of financial covenants;
- (h) implementation of any scheme of expansion, diversification, modernisation;
- (i) any change in the general line of business and scope of capital expenditure;
- (j) to undertake any guarantee obligations, on behalf of any other company, person or any third party;
- (k) to repay subordinated loans availed from promoters, directors or associates or to make investment in associate/ allied/ group concerns; and
- (l) to sell, assign, mortgage or otherwise dispose of fixed assets of our Company.

Please note that the abovementioned list is indicative and there may be additional restrictive covenants and conditions where we may be required to take prior written consent or intimate the respective lender under the various borrowing arrangements entered into by us.

⁽¹⁰⁾ **Events of Default:** In terms of borrowing arrangements for the facilities availed by us, the occurrence of any of the following, among others, constitute an event of default:

- (a) non-payment or defaults of any amounts including the principal, interest or other charges;
- (b) failure to create, perfect or maintain adequate security for the secured borrowings;
- (c) cessation of business of our Company;
- (d) occurrence of a cross default;
- (e) misrepresentation or insolvency on the part of our Company;
- (f) unenforceability, ineffectiveness or invalidity of the financing documents;
- (g) any distress, attachment, execution, receipt of a garnishee order or other process or enforcement on any of the securities;
- (h) appearance in the list of 'wilful defaulters' published by RBI by our Company or any of its directors;
- (i) change in control without prior written consent of the lender;

- (j) downgrade in ratings below a certain specified threshold;
- (k) all or substantially all of the undertakings, assets or properties or the interest therein being nationalized, expropriated or compulsorily acquired by the authority of the Government of India;
- (l) breach of any representation, warranty, declaration, covenant or undertaking furnished by our Company under the loan documentation; and
- (m) upon happening of any circumstances or event which would or is likely to prejudicially or adversely affect in any manner the capacity to repay the loan.

Please note that the abovementioned list is indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

⁽¹¹⁾ ***Consequences of occurrence of events of default:*** In terms of our borrowing arrangements for the facilities availed by us, upon the occurrence of events of default, our lenders may:

- (a) accelerate the maturities of the facility;
- (b) suspend or cancel any of their obligation for any advance under the loan documentation;
- (c) restrict our Company from paying any dividend or distribution;
- (d) enforce the security created pursuant to the security documents;
- (e) appoint a nominee director on our Board; and
- (f) exercise any other rights that maybe available to the lender under the financing arrangements and applicable law.

Please note that the abovementioned list is indicative and there may be additional consequences on the occurrence of an event of default under the various borrowing arrangements entered into by us.

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

You should read the following discussion in conjunction with our restated consolidated financial statements as of and for the Financial Years ended March 31, 2021, 2020 and 2019, including the related annexures.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

*This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under “**Forward-looking Statements**” and “**Risk Factors**” on pages 17 and 26, respectively.*

*For a discussion and analysis of financial condition and results of operations of the Goa Facility, see “**Goa Facility**” on page 159, and for carved out financial information and pro forma financial information in connection with the acquisition of the Goa Facility, see “**Special Purpose Carve-out Financial Statements**” and “**Unaudited Pro Forma Condensed Combined Financial Information**” on pages 302 and 290, respectively.*

Overview

We are the third largest private sector manufacturers of non-urea fertilizers in India and second largest in terms of DAP volume sales as of March 2021 (Source: CRISIL Report). We are primarily engaged in manufacturing, trading, distribution and sales of a variety of complex fertilizers such as DAP, three grades of NPK (namely NPK-10, NPK-12 and NP-20), Zypmite, Phospho-gypsum and HFSA. We are also engaged in the trading, distribution and sales of MOP, Ammonia, SPN and City compost. Our fertilizers are marketed under some of the key brand names in the market ‘Jai Kisaan – Navratna’ and ‘Navratna’.

We have an established track record of delivering robust financial performance. Our total income for the Financial Years 2021, 2020 and 2019 was ₹ 51,839.41 million, ₹ 42,277.76 million and ₹ 43,972.13 million, respectively, while our profit for the year was ₹ 2,232.68 million, ₹ 1,932.20 million and ₹ 1,589.63 million, respectively. Our EBITDA for the Financial Years 2021, 2020 and 2019 was ₹ 5,612.56 million, ₹ 4,938.29 million and ₹ 4,807.48 million, respectively. Our profit before tax for the Financial Years 2021, 2020 and 2019 was ₹ 3,665.03 million, ₹ 2,295.62 million and ₹ 2,513.97 million, respectively.

Our Company was incorporated in 1981. ZMPPL, a joint venture of ZACL and OCP, currently holds 80.45% of the equity share capital of our Company, with the balance being held by the Government of India. For further details in relation to the history of our Company and our Promoters, see “**History and Certain Corporate Matters**” and “**Our Promoters and Promoter Group**” on pages 202 and 226, respectively.

Our manufacturing facility is located in Paradeep, Odisha and includes a DAP and NPK production facility, a Sulphuric acid production plant and a Phosphoric acid production plant. We utilize Sulphuric and Phosphoric acids for manufacturing DAP and NPK. We believe that our integrated business model has been critical to our success and a differentiating factor from our competitors. Our integrated business model provides us with the ability to drive profitability, optimize capital efficiency and maintain our competitive advantage.

With a view to (i) increase the size of our Company, with a product portfolio comprising both Phosphatic and Nitrogenous fertilizers; and (ii) accessing the high fertilizer demand markets of Maharashtra and Karnataka, on March 1, 2021, our Company entered into a BTA with ZACL in connection with the Goa Transaction as a going concern on a slump sale basis, for a total consideration equal to the enterprise value of USD 280 million, subject to necessary adjustments as specified in the BTA and further subject to certain customary conditions precedent. Upon the completion of the Goa Transaction, our Company will acquire the business of developing, manufacturing and trading of urea and NPK products carried out at the Goa Facility. Subsequent to the acquisition of Goa Facility, our total fertilizer production capacity is expected to increase by 1.2 million MT, comprising: (i) annual granulation capacity of DAP and NPK production plants to increase by approximately 0.80 MT; and (ii) annual capacity of producing Urea to be approximately 0.04 MT. Our Company is also in the process of increasing the production capacity of certain of our facilities, developing new plants and modernizing certain equipment in line with our view to grow our Company.

We have established an extensive sales and distribution network, with a strong presence in the eastern part of India. We distribute our products across 17 states in India through our network of 11 regional marketing offices and 1,324 stock points as of March 31, 2021. Our network includes 4,529 dealers and over 60,257 retailers, catering to over five million farmers in India, each as of March 31, 2021.

Significant Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by a number of important factors including:

Manufacturing Capacity, Utilization and Availability of Plants

Our revenues are affected by the manufacturing capacity, capacity utilization rates as well as plant availability at our plants. Capacity utilization rates depend on market demand and supply as well as the efficiency of the production process and plant availability hours. Increases or decreases in our capacity utilization rates may have a significant effect on production volumes, unit costs and gross profit margins.

The following table sets forth the production plant wise capacity and capacity utilization for the financial years 2021, 2020 and 2019:

Production plant	Annual Granulation capacity (in million MT)	For financial year 2021		For financial year 2020		For financial year 2019	
		Actual capacity (in million MT)	Capacity utilization (%)	Actual capacity (in million MT)	Capacity utilization (%)	Actual capacity (in million MT)	Capacity utilization (%)
DAP and NPK	1.40	1.2	85	1.2	88	1.2	100
Sulphuric acid	1.39	1.39	76	1.39	73	1.39	76
Phosphoric acid	0.30	0.30	97	0.30	88	0.30	98

Volume, Quality and Mix of Products Manufactured and Traded

Agriculture has been the mainstay of the Indian economy for a number of years and is expected to continue to be important from an economic perspective, given the growth of the population and increased agricultural consumption. Modern agricultural methods and the use of fertilizers has been an increasing trend in the Indian agricultural space. Our business is a consumer driven business, dominated by end-user farmers. As a result, the key driver in the growth of our business and our revenue from operations is the volume of products manufactured and sold or traded by us. Increased sales volume favorably affects our results of operations as it enables us to benefit from economies of scale in procurement and manufacturing and improves our operating margins through our ability to leverage our fixed cost base.

The following table sets forth the volume of fertilizers manufactured and sold by us for the periods indicated:

Fertilizers	Financial Year 2021		Financial Year 2020		Financial Year 2019	
	Volumes Manufactured	Volumes Sold	Volumes Manufactured	Volumes Sold	Volumes Manufactured	Volumes Sold
DAP ¹	638,737	658,097	564,132	646,484	700,630	607,420
NPK						
NPK-10	81,490	97,932	106,283	90,303	30,131	31,495
NPK-12	26,465	25,852	12,380	12,294	-	674
NP-20	275,200	338,207	378,625	377,289	470,709	453,789
Zypmite	16,574	19,685	23,036	22,975	26,465	25,739
Phospho-gypsum	1,205,347	1,205,347	914,422	914,422	833,917	834,051
HFSA	3,507	3,507	3,343	3,343	862	862

1. This includes DAP-Brown colour ("DAP-B").

In the ordinary course of our business and operations, we trade in certain fertilizers and related products. Such income from trading operations comprised ₹ 13,356.37 million, ₹5,121.10 million and ₹5,763.16 million, for the

financial years 2021, 2020 and 2019, respectively. For the financial year 2021, the traded goods primarily comprised DAP, Muriate of Potash (“MOP”) and Ammonia, among others. For the financial year 2020, the traded goods primarily comprised DAP, MOP, Ammonia, NPK-10, among others. For the financial year 2019, the traded goods primarily comprised DAP, Ammonia and MOP, among others.

We seek to maintain an appropriate standard of quality at our manufacturing facility in order to sustain the profitability and growth of our operations. Attaining and maintaining this level of quality control requires considerable commitment, expense, planning and execution skills. A change in quality is likely to affect our sales and as such our results of operations.

We also seek to continually adjust our product mix in favour of higher value-added products, which yield better margins. Although we target maximum operational returns, variations within our product mix can considerably affect our profitability.

The following table sets forth key products manufactured and traded, their respective Maximum Retail Prices (“MRP”), the discounts and rebates offered on them, the subsidies applicable to them and as a result the effective realization to us, each on a per MT basis, for the periods indicated:

Product (in ₹/MT)	DAP	DAP-B	NPK-10	NPK-12	NP-20	DAP - Imported (for trading)	MOP
For the Financial Year 2021							
MRP	23,600	23,736	22,950	23,468	18,826	16,333	23,354
Rebate/Discount	(1,608)	(2,627)	(1,976)	(2,571)	(2,468)	(1,204)	((2,838)
Subsidy	11,548	11,548	9,847	10,164	8,418	7,410	11,983
Realization	33,540	32,658	30,820	31,061	24,776	22,539	32,499
For the Financial Year 2020							
MRP	25,283	25,266	23,099	23,867	19,905	25,060	17,657
Rebate/Discount	(3,961)	(3,852)	(2,389)	(2,833)	(2,829)	(4,062)	(1,565)
Subsidy	11,844	11,844	10,269	10,604	8,671	12,132	7,840
Realization	33,166	33,259	30,979	31,638	25,747	33,129	23,932
For the Financial Year 2019							
MRP	25,310	26,350	22,946	21,214	18,902	25,204	16,068
Rebate/Discount	(1,177)	(1,509)	(1,461)	(2,929)	(1,413)	(1,068)	(1,136)
Subsidy	12,214	12,214	9,501	25,526	8,866	12,460	8,035
Realization	36,347	37,055	30,985	43,811	26,354	36,596	22,967

Prices of Fertilizers

The selling prices of our fertilizers are primarily determined by their respective market demand and supply, the cost of raw materials and other costs of sales and governmental policies and regulations towards the fertilizer industry in India. Due to the fragmented nature of the industry and the commoditized nature of fertilizer products, most producers are price takers with limited price variation due to brand name and product quality.

Availability, Cost and Efficient Utilization of Raw Materials

We purchase significant quantities of raw materials, including Phosphate Rock, Ammonia and Sulphur and to a lesser extent Phosphoric acid and Potash. While we require significant amounts of Phosphoric acid and Sulphuric acid in our manufacturing facility, most of our requirements are addressed by our own backward integrated Phosphoric acid and Sulphuric acid production plants. The prices of these raw materials fluctuate from time to time, which affects our cost of sales, particularly because cost of raw materials represents a major portion of our cost of sales, and the margin we earn to the extent that we do not reflect such changes in the prices we charge. Our cost of raw materials consumed as disclosed in the Restated Consolidated Statement of Profit and Loss comprised 47.02%, 55.29% and 68.69% of our total expenses, for the financial years 2021, 2020 and 2019, respectively. Typically, we purchase raw materials under long-term (for Phosphate Rock, Ammonia and Sulphur) and short-term (less than six-months for other raw materials) contracts. Historically, we have generally observed a lag of approximately three months before market prices for finished products reflect increases in raw materials as a result of raw materials stored at our manufacturing facility and otherwise, although there can be no assurance that this relationship will continue in the future. Most of the raw materials we consume are readily available from

multiple sources at market prices, and we generally contract with multiple suppliers to ensure continuity and competitiveness of supply.

Climate and Weather Conditions

Our business is sensitive to seasonal fluctuations and climatic variations. The agriculture growing season as well as the sales of fertilizers in India is significantly influenced by the monsoon. The sales of fertilizers in India is generally higher during the second and third financial year quarters and a majority of our product sales takes place during such quarters. Our quarterly results may vary as a result of the monsoons and other climatic variations. Other climatic variations may also affect our production and sales volumes and could affect our results of operations. Adverse weather conditions such as drought, floods and other natural calamities, could affect farmers' decisions about the types and the quantum of crops to be planted, the incidence (or timing) of certain crop diseases or pest infestations and farmers' purchase of our products, which make our results of operations relatively unpredictable.

Distribution Network

Our manufacturing facility is strategically located in Paradeep, the centre of the fertile agricultural belt of Odisha, with the Gangetic plains of West Bengal in the East and Bihar in the North. The high fertilizer demand markets of Maharashtra, Andhra Pradesh, Telangana and Karnataka are also well-connected. Our ability to deliver sufficient quantity of fertilizers to farmers with short lead-time is critical, particularly given the seasonal nature of crops. We also benefit from freight subsidies for sales within 1,400 kilometers of our manufacturing facility.

We have established an extensive sales and distribution network. As of March 31, 2021, we have set up a network of 11 regional marketing offices and 1,324 stock points in 17 states across India. As of March 31, 2021, our network comprised 4,529 dealers and over 60,257 retailers, catering to five million estimated farmers in India. Further, we have a dedicated team of 70 marketing officers, 14 junior agronomists and 72 field assistants. Our widespread sales and distribution network is further aided by access to the market on a real-time basis through our MFMS portal, dash boards on our internal portals and other effective intelligence tools which provide efficient last mile connectivity. Our structured distribution network facilitates the efficient sale of our products in our targeted markets and promotes our brand visibility, driving our total income while managing distribution costs.

Government Regulations, Subsidies and Policies

Fertilizer industry relies on subsidies from the Indian central Government. Any changes in government policies relating to the agriculture sector such as government expenditure in agriculture, changes in incentives and subsidy systems, export policies for crops, commodity pricing and ability of farmers to realize minimum support prices, among other things, would have an effect on the ability of the farmers to spend on fertilizers, which would affect the demand for, and the sales of, our products.

Under the Fertilizer DBT system, 100% subsidy on various fertilizer grades is release to fertilizer companies on the basis of actual sales made by the retailers to beneficiaries (i.e. farmers). The primary objective of introducing DBT was to increase transparency, reduce leakage of benefits and increase efficiency of social security programs. Further, the subsidized fertilizers are only sold through the points of sale devices registered with the Department of Fertilizers, India. (Source: CRISIL Report)

The subsidy from the Government of India on fertilizers recognised in the Restated Consolidated Financial Information Statement of Profit and Loss as revenue from operations ₹14,453.91 million, ₹13,529.32 million and ₹13,475.74 million, and comprised 27.88%, 32.00% and 30.65% of our total income, for the financial years 2021, 2020 and 2019, respectively.

In addition, the Government of India has recently introduced three new agricultural laws aimed at overhauling food grain procurement and pricing rules by allowing private companies direct access to the agrarian sector. There has been nation-wide suspension of agricultural activities by farmers in order to protest against the implementation of the new agricultural laws. Any suspension of agricultural activities by farmers would affect the demand for, and the sales, of our products.

Significant Accounting Policies

The following is the summary of significant accounting policies considered for preparation of our Restated

Classification of assets and liabilities into current/non-current

Assets and Liabilities in the balance sheet have been classified as either current or non-current.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, our normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when (a) it is expected to be settled in our normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) we do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

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

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. We have identified twelve months as its operating cycle.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, freight, duties, taxes and borrowing costs, if recognition criteria are met and any directly attributable cost incurred to bring the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. When significant parts of plant and equipment are required to be replaced at intervals, we depreciate them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. Replaced assets held for disposal are stated at lower of their carrying amount and fair value less costs to sell, and depreciation on such assets ceases and shown under "Assets held for sale".

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories. Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Other indirect expenditure incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the statement of profit and loss. Income earned during construction period, if any, is deducted from the total of the indirect expenditure.

Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by us. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. We have used the following useful life to provide depreciation on our property, plant and equipment:

Class of Assets	Estimated Useful Lives (Years)
Buildings	30 to 60
Roads and culverts	3 to 5
Plants and equipment (continuous process plant)	25
Plant and equipment (non-continuous process)	5 to 20

Class of Assets	Estimated Useful Lives (Years)
Furniture, fixtures and fittings	2 to 10
Vehicles	8
Office equipment	3 to 6
Railway siding	15

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. These are estimated by our management supported by independent assessment by professionals. Premium on land held on leasehold basis considered as Right of Use Asset is amortised over the period of lease. The classification of plant and machinery into continuous and non-continuous process is done as per technical certification by the management and depreciation thereon is provided accordingly. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once at the end of each reporting period. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. If there has been a change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS-8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized. We have assessed the useful life of software as finite and cost of software is amortised over their estimated useful life of three years on straight line basis.

Impairment of non-financial assets

We assess at each reporting date whether there is an indication that an asset (except inventories and deferred tax assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, we estimate the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Leases

At inception of the contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, we assess whether: (i) the contract involves use of an identified asset, whether specified explicitly or implicitly; (ii) we have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; (iii) we have the right to direct the use of the asset by either having right to operate the asset or having designed the asset in a way that predetermines how and for what purpose it will be used.

Accounting as a lessee

We recognize a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The

right-of-use asset is depreciated using straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. The estimates of useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate. The lease liability is subsequently measured at amortised cost. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where we are reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

We have elected not to recognize right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. We recognize the lease payments associated with these leases as an expense of straight line basis over the lease term.

Foreign currency transactions

Functional and presentation currency. Items included in our financial statements are measured using the currency of the primary economic environment in which we operate (i.e., our functional currency). The financial statements are presented in Indian Rupee, which is our functional and presentation currency.

Initial recognition. Transactions in foreign currencies are initially recorded by us at the functional currency spot rates at the date the transaction.

Conversion. Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial recognition.

Exchange differences. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

Foreign operations. The assets and liabilities of foreign operations, are translated into ₹ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of transactions. Foreign currency differences are recognized in OCI and accumulated in foreign currency translation reserve (“FCTR”). When a foreign operation is disposed of in its entirety or partially such that significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Derivative financial instruments

Initial recognition and subsequent measurement

We use derivative financial instruments, such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss.

Fair value measurement

We measure financial instruments, such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the

absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. We determine the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation. External valuers are involved for valuation of significant assets, and significant liabilities, if any. At each reporting date, we analyze the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per our accounting policies. For this analysis, we verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Our management, in conjunction with the external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, we have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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.

1. Financial assets

a) Initial recognition and measurement

All financial assets except trade receivables are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that we commit to purchase or sell the asset. Trade receivables are measured at the transaction price in accordance with Ind AS 115.

b) Subsequent measurement

Subsequent measurement of debt instruments depends on our business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income ("FVTOCI");

- Debt instruments at fair value through profit and loss (“FVTPL”).
- i. *Debt instruments at amortised cost:*

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (“EIR”) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

- ii. *Debt instrument at FVTOCI:*

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset’s contractual cash flows represent sole payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (“OCI”). However, we recognize interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- iii. *Debt instrument at FVTPL:*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, we may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

- c) *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 when the rights to receive cash flows from the asset have expired, we transfer our rights to receive cash flows from the asset or have 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) we have transferred substantially all the risks and rewards of the asset, or (b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- d) *Impairment of financial assets*

We assess on a forward looking basis the expected credit losses (“ECL”) associated with our assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, we apply the simplified approach permitted by Ind AS 109 ‘Financial Instruments’, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The application of simplified approach does not require us to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, we determine that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not

increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then we revert to recognizing impairment loss allowance based on 12-month ECL.

2. *Financial liabilities*

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Our financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i. Financial liabilities at FVTPL:

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

ii. Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c) Derecognition

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

Offsetting financial instruments

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

Cash and cash equivalents

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

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is determined as follows:

- Raw Materials, Stores, Spare Parts, Chemical, Fuel Oil and Packing Materials: Weighted average method;
- Intermediaries: Material cost on weighted average method and appropriate manufacturing overheads based on normal operating capacity;
- Finished goods (manufactured): Material cost on weighted average method and appropriate manufacturing overheads based on normal operating capacity including excise duty; and
- Traded goods: Weighted average method.

By-products such as treated gypsum are measured at net realizable value. Net realizable value is the estimated selling price including applicable subsidy in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Borrowing cost

Borrowing costs include interest and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Revenue recognition

We earn revenue primarily from sale of fertilizers. The following specific criteria must also be met before revenue is recognized:

Sale of goods

At contract inception, we assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue is recognized upon transfer of control of promised products or services to customers in an amount of the transaction price that is allocated to that performance obligation and that reflects the consideration which we expect to receive in exchange for those products or services. We consider the terms of the contract and our customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer net of returns, excluding amounts collected on behalf of third parties (for example, taxes) and excluding discounts and incentives, as specified in the contract with customer. With respect to sale of products revenue is recognized at a point in time when the performance obligation is satisfied and the customer obtains the control of goods or services. There is no significant financing components involved on contract with customers. Invoices are usually payable within the credit period as agreed with respective customers. We recognize revenue only when it is probable that we shall collect the consideration to which we will be entitled in exchange for the goods or services that will be transferred to the customer.

Contract balances

Contract assets

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

Trade receivables

A receivable represents our right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before

we transfer goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when we perform under the contract.

Subsidy income

Subsidy for DAP, MOP and complex fertilizers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy and other guidelines issued from time to time. Subsidy on freight charges for DAP, MOP and complex fertilizers is recognized based on rates notified by the Government of India with the known policy parameters in this regard and included in subsidy.

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, we estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable. Claims receivable on account of interest from dealers on delayed payments are accounted for to the extent we reasonably certain of their ultimate collection.

Dividend income

Dividend income is recognized when our right to receive the payment is established.

Insurance claims

Claims receivable on account of insurance are accounted for to the extent we are reasonably certain of their ultimate collection.

Government grants and subsidies

Grants and subsidies from the Government are recognized when there is reasonable assurance that (i) we will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received. Where the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Employee benefits

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if we have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plan

Retirement benefit in the form of contribution to pension fund, superannuation fund and national pension scheme are defined contribution scheme. We have no obligation, other than the contribution payable to these schemes. We recognize contribution payable to these fund schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

Liability for gratuity and post- retirement medical benefits are provided for on the basis of actuarial valuation carried at the end of each financial year. The gratuity plan and post-employment medical benefit plan has been funded by policy taken from Life Insurance Corporation of India.

Liability for provident fund is provided for on the basis of actuarial valuation carried at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity.

Other long term benefits

Liability for accumulated compensated absences are provided for on the basis of actuarial valuation carried at the end of each financial year. We measure the expected cost of accumulated compensated absences as the additional amount that we expect to pay as a result of the unused entitlement that has accumulated at the reporting date. We treat accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose.

Income tax

Tax expense comprises current income tax and deferred tax. Current income tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from an asset or liability in a transaction that at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax include Minimum Alternate Tax (“MAT”) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Segment reporting policies

Operating segments are reported in a manner consistent with the internal reporting provided to our Chief Operating Decision Maker. Our Chief Operating Decision Maker reviews our performance according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers. We prepare our segment information in conformity with the accounting policies adopted for preparing and presenting financial statements as a whole.

Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to our equity shareholders by the weighted average number of the equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to our equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability is also a present obligation that arises from past events but outflow of resources embodying economic benefits is not probable.

Provisions

A provision is recognized when we have a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

Significant accounting judgements, estimates and assumptions

The preparation of our financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The changes in estimates are made as the management becomes aware of such changes. The changes in estimates are recognized in the period in which the estimates are revised.

Income taxes

Deferred tax assets are recognized for unused tax losses and tax credits to the extent it is probable that taxable profit will be available against which such losses and tax credits can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. We are confident in having sufficient taxable income in future and hence have recognized deferred tax assets on carry forward losses and tax credit (MAT Credit Entitlement).

Defined benefit plans

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of Government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates.

Useful life of property, plant and equipment

Our management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

Revenue recognition

We provide various rebates and incentives to the customers. Various estimates are made to recognize the impact of rebates and other incentives on revenue. These estimates are made based on historical experience and business forecast and current market conditions.

Principal Components of our Statement of Profit and Loss

Total Income. Our total income consists of revenue from operations and other income.

Revenue from operations. Our revenue from operations comprises revenue from the sale of fertilizers and by-products, subsidy from the Government of India on fertilizers and other operating revenues comprising revenue from the sale of scrap generated from our manufacturing operations.

Other Income. Our other income comprises interest income, excess provision, unclaimed liabilities, unclaimed balances written back, profit on sale of current investments, rental income, dividend income on current investments, gain on sale of FVTOCI financial instrument, investments measured at fair value through profit and loss and miscellaneous income.

Total Expenses.

Our total expenses include cost of raw materials consumed, purchases of stock in trade, Changes in inventories of finished goods, stock in trade and work in progress, finance costs, employee benefits expense, depreciation and amortisation expense and other expenses.

Cost of raw materials consumed. Cost of raw materials consumed comprises cost towards the purchase of raw materials such as Phosphate Rock, Phosphoric acid, Ammonia, Sulphur, Sulphuric acid, MOP, Phosphorus Pentoxide among other raw materials. For the periods presented, Phosphate Rock, Phosphoric acid, Ammonia and Sulphur constitute over 90% of the cost of raw materials consumed. For example, out of our total cost of raw materials consumed of ₹22,101.41 million, we consumed ₹8,378.8 million (881,362 MT), ₹5,790.2 million (114,024 MT), ₹4,500.3 million (233,278 MT) and ₹2,069.2 million (323,695 MT) of Phosphate rock, Phosphorus Pentoxide, Ammonia and Sulphur, respectively, and ₹1,090.0 million (51,589 MT) of MOP and ₹152.3 million (14,588 MT) of Ammonium Sulphate, in the financial year 2020.

Purchases of stock in trade. Our expenses on purchase of stock in trade comprise costs incurred primarily towards purchase of DAP, MOP, NPK grades, Ammonia, Phosphorus Pentoxide-HSS, Speciality Plant Nutrients and city compost.

Changes in inventories of finished goods, stock in trade and work in progress. This expense line item comprises of inventories for finished goods, work in progress and stock in trade.

Finance costs. Our finance costs comprise interest expense, exchange differences regarded as an adjustment to

borrowing costs, bank charges and interest on income tax.

Employee benefits expense. Our employee benefits expense comprises salaries and wages, staff welfare expenses, contribution to provident fund and other funds and gratuity.

Depreciation and amortisation expense. Our Depreciation and amortisation expense comprise depreciation of property, plant and equipment and amortisation of intangible assets such as computer software.

Other expenses. Our other expenses comprise selling and distribution expenses towards freight and handling, power and fuel, consumption of stores and spare parts, consumption of packing materials and payment to contractors for bagging and other services, repairs and maintenance costs towards building, plant and machinery and others, insurance payments, chemical consumed, commission, water charges, selling and distribution expenses – warehouse rent, provision for expected credit loss, claims and advances (net), loss on sale/discard of property, plant and equipment (net), publicity and sales promotion expenses, corporate social responsibility expenditure, catalysts consumed, rental charges, professional, consultancy and legal expenses, travelling and conveyance expenses, payment to auditors, rates and taxes, exchange differences (net), donations and miscellaneous expenses.

Our Results of Operations

The following table sets forth select financial data from our restated consolidated statement of profit and loss for the financial years 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such years:

	For the financial year					
	2021		2020		2019	
	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income
Income:						
Revenue from operations	51,647.34	99.63	41,928.65	99.17	43,579.12	99.11
Other income	192.07	0.37	349.11	0.83	393.01	0.89
Total income	51,839.41	100.00	42,277.76	100.00	43,972.13	100.00
Expenses:						
Cost of raw materials consumed	22,651.25	43.70	22,101.41	52.28	28,476.38	64.76
Purchase of traded goods	13,802.01	26.62	4,754.08	11.24	8,391.09	19.08
Changes in inventories of finished goods, stock-in-trade and work in progress	2,258.34	4.36	2,585.73	6.12	(5,624.49)	(12.79)
Excise duty	-	-	-	-	-	-
Employee benefits expense	1,391.90	2.69	1,319.28	3.12	1,305.78	2.97
Finance costs	1,114.25	2.15	1,917.91	4.54	1,592.53	3.62
Depreciation and amortisation expense	833.28	1.61	724.76	1.71	700.98	1.59
Other expenses	6,121.40	11.81	6,570.69	15.54	6,614.99	15.04
Total expenses	48,172.43	92.93	39,973.86	94.55	41,457.26	94.28
Profit before share of equity accounted investee and tax	3,666.98	7.07	2,303.90	5.45	2,514.87	5.72
Share of net loss of associate accounted for using the equity method (net of tax)	(1.95)	(0.00)	(8.28)	(0.02)	(0.90)	-
Profit before tax	3,665.03	7.07	2,295.62	5.43	2,513.97	5.72
Tax expense:						
Current tax	726.80	1.40	408.42	0.97	552.86	1.26
Income tax expenses/ (credit) for the earlier years (net)	(1.34)	(0.00)	(17.84)	(0.04)	16.10	0.04
Deferred tax charge/ (credit)	706.89	1.36	(27.16)	(0.06)	355.38	0.81
Total tax expense	1,432.35	2.76	363.42	0.86	924.34	2.10
Profit for the year	2,232.68	4.31	1,932.20	4.57	1,589.63	3.62
Total other comprehensive income/ (loss) for the year	7.08	0.01	(30.25)	(0.07)	(23.13)	(0.05)
Total comprehensive income for the year	2,239.76	4.32	1,901.95	4.50	1,566.50	3.56

Financial Year 2021 compared to Financial Year 2020

Our results of operations for the financial year 2021 were particularly affected by the following factors:

- a good monsoon season in calendar year 2020 likely resulting in higher sales prices and increased demand of fertilizers; and
- effective utilization of raw materials purchased earlier at lower prices, including reduced usage of imported Phosphoric acid.

Total Income

Total income increased by 22.62% to ₹ 51,839.41 million for the financial year 2021 from ₹ 42,277.76 million for the financial year 2020, primarily due to an increase in our revenue from operations.

Revenue from operations. Revenue from operations increased by 23.18% to ₹ 51,647.34 million for the financial year 2021 from ₹ 41,928.65 million for the financial year 2020 due to an increase in sales volume of traded material P2O5-HSS, MOP & NPK.

Other income. Other income decreased to ₹ 192.07 million for the financial year 2021 from ₹ 349.11 million for the financial year 2020, primarily on account of lower Interest income on Income tax refund of ₹ 14.96 million for the financial year 2021 as compared to ₹ 137.20 million for the financial year 2020 and lower Interest income on Others of ₹ 4.54 million for the financial year 2021 as compared to ₹ 89.11 million for the financial year 2020. Other income primarily includes Miscellaneous income, Excess provision/unclaimed liabilities/unclaimed balances written back, Rent income, and Interest income (on bank deposits, income tax refunds and financial assets).

Expenses

Cost of raw materials consumed. Cost of raw materials consumed increased by 2.49% to ₹ 22,651.25 million for the financial year 2021 from ₹ 22,101.41 million for the financial year 2020, primarily on account of an increase in the consumption of Phosphate Rock and Sulphuric Acid, partially offset by a reduction in the consumption of P2O5, MOP, Ammonium Sulphate and Molten Sulphur.

Purchase of traded goods. Purchase of traded goods increased by 190.32% to ₹ 13,802.01 million for the financial year 2021 from ₹ 4,754.08 million for the financial year 2020, primarily due to an increase in the volume of goods (primarily Phosphoric acid, MOP and NPK) sold by us during the financial year 2021 as compared to the financial year 2020.

Changes in inventories of finished goods, stock-in-trade and work in progress. Changes in inventories of finished goods, stock-in-trade and work in progress was a decrease of ₹ 2,258.34 million for the financial year 2021 as compared to a decrease of ₹ 2,585.73 million for the financial year 2020, primarily due to more goods being sold as compared to goods being manufactured in financial year 2021.

Employee benefits expense. Employee benefits expense increased to ₹ 1,391.90 million for the financial year 2021 from ₹ 1,319.28 million for the financial year 2020, primarily on account of an increase in the salaries and wages in the financial year 2021 as compared to financial year 2020. Our number of employees were 915 employees as of March 31, 2021 as compared to 944 employees as of March 31, 2020.

Finance costs. Finance costs decreased by 41.90% to ₹ 1,114.25 million for the financial year 2021 from ₹ 1,917.91 million for the financial year 2020, primarily due to a decrease in the interest expense on liabilities measured at amortised cost of ₹ 674.15 million for the financial year 2021 as compared to ₹ 1,542.13 million for the financial year 2020, partially offset by an increase in bank charges of ₹ 98.42 million for the financial year 2021 as compared to ₹ 91.44 million for the financial year 2020.

Depreciation and amortisation expense. Depreciation and amortisation expense increased by 14.97% to ₹ 833.28 million for the financial year 2021 from ₹ 724.76 million for the financial year 2020, primarily due to capitalization of gypsum pond- II in the last quarter of financial year 2020.

Other expenses. Other expenses decreased to ₹ 6,121.40 million for the financial year 2021 from ₹ 6,570.69 million for the financial year 2020, primarily due to a decrease in the Exchange differences (net) to nil for the financial year 2021 from ₹ 504.01 million for the financial year 2020, a decrease in selling and distribution

expenses – warehouse rent to ₹ 56.57 million for the financial year 2021 from ₹ 170.67 million for the financial year 2020, a decrease in Power and fuel to ₹ 625.85 million for the financial year 2021 from ₹ 729.40 million for the financial year 2020, and a decrease in Donation to ₹ 1.19 million for the financial year 2021 from ₹ 35.00 million for the financial year 2020. This decrease was partially offset by an increase in Selling and distribution expenses–Freight and handling to ₹ 2,869.63 million for the financial year 2021 from ₹ 2,702.90 million for the financial year 2020, and an increase in the Consumption of stores and spare parts to ₹ 366.40 million for the financial year 2021 from ₹ 307.95 million for the financial year 2020.

Tax expense. Total Tax expense increased to ₹ 1,432.35 million for the financial year 2021 from ₹ 363.42 million for the financial year 2020, primarily due to an increase in Deferred tax charge to ₹ 706.89 million for the financial year 2021 from a Deferred tax credit of ₹ 27.16 million for the financial year 2020, and an increase in Current tax to ₹ 726.80 million for the financial year 2021 from ₹ 408.42 million for the financial year 2020.

Profit for the year. Profit for the year increased to ₹ 2,232.68 million for the financial year 2021 from ₹ 1,932.20 million for the financial year 2020, as a result of the factors discussed above.

Financial Year 2020 compared to Financial Year 2019

Our results of operations for the financial year 2020 were particularly affected by the following factors:

- an increase in sales of DAP, NPK-10 and NPK-12 partially offset by a decrease in sales volume of NP-20;
- a less than anticipated rain in the monsoon season in the financial year 2020; and
- competitive pricing of our fertilizers resulting in an increase in rebates and discounts.

Total Income

Total income decreased by 3.85% to ₹ 42,277.76 million for the financial year 2020 from ₹ 43,972.13 million for the financial year 2019, primarily due to a decrease in revenue from operations.

Revenue from Operations. Revenue from operations decreased by 3.79% to ₹ 41,928.65 million for the financial year 2020 from ₹ 43,579.12 million for the financial year 2019 due to a decrease in the Sale of products to ₹28,385.71 million for the financial year 2020 from ₹ 30,088.31 million for the financial year 2019, primarily on account of an increase in rebates and discounts and a decrease in sales volumes of NP-20, partially offset by an increase in sales volumes of NPK-10, DAP and NPK-12; and a marginal decrease in the Other operating revenues –scrap sales to ₹ 13.62 million for the financial year 2020 from ₹ 15.07 million for the financial year 2019. This decrease was partially offset by a marginal increase in the Subsidy from the Government of India on fertilizers to ₹ 13,529.32 million for the financial year 2020 from ₹ 13,475.74 million for the financial year 2019, primarily due to increased sales of NPK-10, DAP and NPK-12, which benefit from higher rates of subsidy as compared to NP-20.

Other Income. Other income decreased to ₹ 349.11 million for the financial year 2020 from ₹ 393.01 million for the financial year 2019, primarily on account of decrease in Interest income on Others to ₹ 89.11 million for the financial year 2020, from ₹ 324.50 million for the financial year 2019, relating to overdue interest charged to ZACL of ₹75.86 million for the financial year 2020 as compared to ₹153.24 million for the financial year 2019 and interest on Trade debt of nil for the financial year 2020 as compared to ₹68.10 million for the financial year 2019, totaling to ₹ 89.11 million for the financial year 2020 from ₹ 324.50 million for the financial year 2019. This decrease was partially offset by the Interest income on Income tax refund of ₹ 137.20 million for the financial year 2020 as compared to nil for the financial year 2019 and an increase in Miscellaneous income to ₹ 61.94 million for the financial year 2020 from ₹ 10.45 million for the financial year 2019.

Expenses

Cost of raw materials consumed. Cost of raw materials consumed decreased by 22.39% to ₹ 22,101.41 million for the financial year 2020 from ₹ 28,476.38 million for the financial year 2019, primarily on account of decrease in the Purchases of raw materials due to an overall decrease in the manufacturing of fertilizers and reduction in price of imported raw materials during the financial year 2020 as compared to the financial year 2019.

Purchase of traded goods. Purchase of traded goods decreased by 43.34% to ₹ 4,754.08 million for the financial year 2020 from ₹ 8,391.09 million for the financial year 2019, primarily due to a decrease in the volume of traded

goods (primarily DAP, NPK and MOP) sold by us during the financial year 2020 as compared to the financial year 2019.

Changes in inventories of finished goods, stock-in-trade and work in progress. Changes in inventories of finished goods, stock-in-trade and work in progress was a decrease of ₹ 2,585.73 million for the financial year 2020 as compared to an increase of ₹ 5,624.49 million for the financial year 2019, primarily due to a decrease in the volume of fertilizers manufactured and a reduction in import of traded materials during the financial year 2020 as compared to the financial year 2019.

Employee benefits expense. Employee benefits expense marginally increased to ₹ 1,319.28 million for the financial year 2020 from ₹ 1,305.78 million for the financial year 2019, primarily on account of increase in Contribution to provident and other funds to ₹ 98.74 million for the financial year 2020 from ₹ 72.27 million for the financial year 2019, partially offset by a marginal reduction in salaries and wages due to lesser arrear salaries in the financial year 2020 as compared to the financial year 2019. Our number of employees were 944 employees as of March 31, 2020 as compared to 958 employees as of March 31, 2019.

Finance Costs. Finance costs increased by 20.43% to ₹ 1,917.91 million for the financial year 2020 from ₹ 1,592.53 million for the financial year 2019, primarily due to an increase in Interest expense on liabilities measured at amortised cost to ₹ 1,542.13 million for the financial year 2020 from ₹ 1,306.83 million for the financial year 2019, primarily as a result of the increase in the average outstanding amount of borrowings during the financial year 2020 as compared to the financial year 2019.

Depreciation and amortisation expense. Depreciation and amortisation expense increased by 3.39% to ₹ 724.76 million for the financial year 2020 from ₹ 700.98 million for the financial year 2019, primarily due to a full year of depreciation expenses related to the commissioning of Sulphuric Acid Heat Recovery System in the financial year 2020 as compared to approximately a half year of such expenses in the financial year 2019. The Sulphuric Acid Heat Recovery System was capitalized on September 4, 2018.

Other expenses. Other expenses marginally decreased to ₹ 6,570.69 million for the financial year 2020 from ₹ 6,614.99 million for the financial year 2019, primarily due to a decrease in Selling and distribution expenses—Freight and handling to ₹ 2,702.90 million for the financial year 2020 from ₹ 2,892.03 million for the financial year 2019; a decrease in Power and fuel to ₹ 729.40 million for the financial year 2020 from ₹ 820.62 million for the financial year 2019; and a decrease in Payment to contractors for bagging and other services to ₹ 337.13 million for the financial year 2020 from ₹ 396.60 million for the financial year 2019. This decrease was partially offset by an increase in Exchange differences (net) to ₹ 504.01 million for the financial year 2020 from ₹ 416.48 million for the financial year 2019, and an increase in Insurance to ₹ 108.44 million for the financial year 2020 from ₹ 37.33 million for the financial year 2019.

Tax expense. Total Tax expense decreased to ₹ 363.42 million for the financial year 2020 from ₹ 924.34 million for the financial year 2019, primarily due to a decrease in Deferred tax on account of deferred tax credit of ₹ 27.16 million for the financial year 2020 from a charge of ₹ 355.38 million for the financial year 2019, and a decrease in Current tax of ₹ 408.42 million for the financial year 2020 from ₹ 552.86 million for the financial year 2019.

Profit for the year. Profit for the year increased to ₹ 1,932.20 million for the financial year 2020 from ₹ 1,589.63 million for the financial year 2019, as a result of the factors discussed above.

Cash Flows

The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods indicated:

	For the Financial Year		
	2021	2020	2019
	(₹ in million)		
Net cash generated from / (used in) operating activities	15,011.48	12,697.36	(9,204.48)
Net cash (used in) investing activities	(2,893.25)	(1,431.63)	(1,031.78)
Net cash generated from / (used in) financing activities	(11,243.84)	(11,412.27)	10,184.49
Net increase / (decrease) in cash and cash equivalents	874.39	(146.54)	(51.77)

Operating Activities

Net cash generated from operating activities was ₹ 15,011.48 million for the financial year 2021. While our Profit before tax was ₹ 3,665.03 million for the financial year 2021, we had an Operating cash flow before working capital changes of ₹ 5,857.27 million, primarily after adjustment for Finance costs of ₹ 1,015.83 million, depreciation and amortisation expense of ₹ 833.28 million and Foreign exchange fluctuation loss unrealized (net) of ₹ 240.02 million. Our Changes in working capital for the financial year 2021 primarily comprised of a decrease in trade receivables, loans and advances and other current assets of ₹ 9,856.58 million, an increase in financial and other assets of ₹ 3,308.32 million, a decrease in inventories of ₹ 1,794.85 million and an increase in Trade payables and other current liabilities of ₹ 1,568.85 million. In addition, our income taxes paid (net of refunds) was ₹ 771.27 million.

Net cash generated from operating activities was ₹ 12,697.36 million for the financial year 2020. While our Profit before tax was ₹ 2,295.62 million for the financial year 2020, we had an Operating cash flow before working capital changes of ₹ 5,205.89 million, primarily after adjustment for Finance costs of ₹ 1,826.47 million, Depreciation and amortisation expense of ₹ 724.76 million and Foreign exchange fluctuation loss unrealized (net) of ₹ 319.20 million. Our Changes in working capital for the financial year 2020 primarily comprised of a decrease in inventories of ₹ 3,432.84 million, a decrease in financial and other assets of ₹ 2,011.85 million and a decrease in Trade receivables, loans and advances and other current assets of ₹ 1,857.39 million. In addition, our income taxes paid (net of refunds) was ₹ 289.93 million.

Net cash used in operating activities was ₹ 9,204.48 million for the financial year financial year 2019. While our Profit before tax was ₹ 2,513.97 million for the financial year 2019, we had an Operating cash flow before working capital changes of ₹ 4,211.68 million, primarily after adjustment for Finance costs of ₹ 1,512.27 million and Depreciation and amortisation expense of ₹ 700.98 million. Our changes in working capital for the financial year 2019 primarily comprised of an increase in inventories of ₹ 7,621.21 million, an increase in trade receivables, loans and advances and other current assets of ₹ 4,376.90 million and an increase in financial and other assets of ₹ 2,767.25 million, partially offset by an increase in Trade payables and other current liabilities of ₹ 1,602.97 million. In addition, our income taxes paid (net of refunds) of ₹ 364.24 million.

Investing Activities

Net cash used in investing activities was ₹ 2,893.25 million for the financial year 2021, primarily comprising of Investments in current investments – mutual funds of ₹ 7,600.40 million, and acquisition of property, plant and equipment, including capital work in progress, capital advances and capital creditors of ₹ 1,688.33 million, which was partially offset by proceeds from sale of current investments – mutual funds of ₹ 6,382.74 million.

Net cash used in investing activities was ₹ 1,431.63 million for the financial year 2020, primarily comprising of acquisition of property, plant and equipment, including capital work in progress, capital advances and capital creditors of ₹ 1,390.48 million, Investments in associate of ₹ 35.66 million and investment in deposits with maturity of more than three months of ₹ 20.88 million.

Net cash used in investing activities was ₹ 1,031.78 million for the financial year 2019, primarily comprising of acquisition of property, plant and equipment, including capital work in progress, capital advances and capital creditors of ₹ 1,262.43 million, which was partially offset by interest received of ₹ 178.85 million and proceeds from deposits with maturity of more than three months of ₹ 46.36 million.

Financing Activities

Net cash used in financing activities was ₹ 11,243.84 million for the financial year 2021, primarily comprising of repayment of current borrowings of ₹ 72,482.56 million and interest paid of ₹ 1,181.36 million, which was partially offset by proceeds from current borrowings of ₹ 62,720.08 million.

Net cash used in financing activities was ₹ 11,412.27 million for the financial year 2020, primarily comprising of repayment of current borrowings of ₹ 92,717.83 million and interest paid of ₹ 2,087.62 million, which was partially offset by proceeds from current borrowings of ₹ 84,779.21 million.

Net cash generated from financing activities was ₹ 10,184.49 million for the financial year 2019, primarily comprising of proceeds from current borrowings of ₹ 53,505.08 million, which was partially offset by repayment of current borrowings of ₹ 40,387.26 million and interest paid of ₹ 1,649.44 million.

Financial Indebtedness

As of March 31, 2021, our consolidated total borrowings (non-current borrowings, current borrowings and current maturities of non-current borrowings) as per our Restated Consolidated Financial Information of ₹ 12,511.72 million. The following table sets forth certain information relating to outstanding indebtedness as of March 31, 2021, and our repayment obligations in the periods indicated:

	As of March 31, 2021				
	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Non-current borrowings	1,134.11	-	1,134.11	-	-
Current borrowings	10,616.71	10,616.71	-	-	-
Current maturities of long-term borrowings	760.90	760.90	-	-	-
Total	12,511.72	11,377.61	1,134.11	-	-

Capital and Other Commitments

The following table sets forth our capital and other commitments (primarily relating to setting up of an evaporator and upgrades of certain plants), as of March 31, 2021:

		(₹ in million)
Particulars	As of March 31, 2021	
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,416.41	

Contingent Liabilities

The following table sets forth our contingent liabilities, as of March 31, 2021:

		(₹ in million)
Matters	As of March 31, 2021	
Subsidy withheld	535.21	
Goods and services tax demand	199.99	
Entry tax demand on imported raw materials including interest and penalty	290.94	
Sales tax/VAT/CST demands	1,058.94	
Central excise demands for March 2011	23.41	
Service tax demand	13.46	
Custom duty and countervailing duty	11.00	
Income tax demands	17.41	
Demand towards contribution to Water Conservation Fund	232.25	
Other claims against the Company not acknowledged as debt	281.57	

For details, see Note 29 to our Restated Consolidated Financial Information under “**Financial Information – Restated Consolidated Financial Information**” on page 241.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Capital Expenditure

For the financial year 2021, additions during the year to property, plant and equipment was ₹ 954.47 million, primarily for plant and equipment such as DAP-D train and additions during the year to intangible assets of ₹ 0.78 million for computer software. For the financial year 2020, additions during the year to property, plant and equipment of ₹ 2,292.57 million, primarily for buildings and plant and equipment such as gypsum pond-II and additions during the year to intangible assets of ₹ 6.87 million for computer software. For the financial year 2019, additions during the year to property, plant and equipment of ₹ 797.51 million, primarily for plant and equipment such as the Sulphuric Acid Heat Recovery System and additions during the year to intangible assets of ₹ 3.19 million for computer software.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, “**Financial Statements – Restated Consolidated Financial Information – Notes to Restated Consolidated Financial Information – Note 33 – Related party disclosures**” on page 277.

Quantitative and Qualitative Disclosures about Market Risk

In the course of our business, we are exposed to certain financial risks such as credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk.

Credit Risk

Credit risk is the risk that we will incur a financial loss because the counterparty will fail to meet its obligations under a financial instrument or customer contract. We are exposed to credit risk from our operating activities primarily trade receivables and from our financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from balances with banks and financial institutions is managed by our treasury personnel in accordance with the guidelines framed by our board of directors. Guidelines broadly covers the selection criterion and over all exposure which we can take with a particular financial institution or bank. Further, the guidelines also cover the limit of overall deposit which we can make with a particular bank or financial institution. We do not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Our trade receivables can be classified into two categories, one is from our customers and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For receivables from our customers, we extend credit to customers in normal course of business. We consider factors such as credit track record in the market and past dealings for extension of credit to customers. We monitor the payment track record of our customers. Outstanding customer receivables are monitored. We evaluate our concentration of risk with respect to trade receivables as low, as our customers are located in many jurisdictions and operate in largely independent markets. We have also taken security deposits from some of our customers, which mitigates the credit risk to some extent.

Liquidity Risk

Liquidity risk is defined as the risk that we will not be able to settle or meet our obligations on time. We manage liquidity risk by maintaining optimum levels of liquidity, with a mix of borrowings and excess operating cash flows, to meet our cash and collateral requirements. We also continuously monitor rolling forecasts of our liquidity requirements to ensure that we have sufficient cash to meet our operations while maintaining sufficient headroom on our undrawn committed borrowing facilities at all times.

The following table summarizes the maturity profile of our financial liabilities based on contractual undiscounted payments as of March 31, 2021:

	Carrying amount	Less than 1 year	1 – 5 years	More than 5 years
Trade payables	9,395.32	9,395.32	-	-
Borrowings (non-current borrowings, current borrowings and current maturities of non-current borrowings)	12,511.72	11,377.61	1,134.11	-
Other financial liabilities	825.57	825.57	-	-
Total	22,732.61	21,598.50	1,134.11	-

(₹ in million)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument might fluctuate due to changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk such as commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure might fluctuate due to changes in the foreign exchange rates. For details of a sensitivity analysis for a change in foreign currency rates, see Note 35.C(a) to our Restated Consolidated Financial Information under “**Financial Information – Restated Consolidated Financial Information**”, on page 241.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument might fluctuate due to changes in market interest rates. We manage fund requirement and perform sensitivity analysis to keep interest rate risk within reasonable limits. For details of a sensitivity analysis for a change in interest rates, see Note 35.C(b) to our Restated Consolidated Financial Information under “**Financial Information – Restated Consolidated Financial Information**”, on page 241.

Commodity Price Risk

Our operating activities require the ongoing purchase of our rockphosphates, phosphoric acid, Sulphur, MOP and Ammonia, which are subject to price fluctuation on account of change in the demand supply pattern and the exchange rate fluctuations. The price volatility of such raw materials used by us is mitigated by the subsidies provided by the Government of India. The Government, on a time to time basis, revises the subsidy rates payable to the fertilizer industry based on the market trends.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “**Significant Factors Affecting our Results of Operations**” above and the uncertainties described in “**Risk Factors**” on page 26. To our knowledge, except as disclosed in this Draft Red herring Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

Future Relationship between Cost and Revenue

Other than as described in this section, “**Risk Factors**” and “**Our Business**” on pages 26 and 136, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Other than as disclosed in this section and under “**The Goa Facility**” on pages 159, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Dependence on a Few Customers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Seasonality of Business

Our business is affected by seasonal variations and adverse weather conditions. For further details, see “**Risk Factors - Our business is subject to climatic conditions and is cyclical in nature. Seasonal variations and unfavourable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition**” on page 27.

Competitive Conditions

We operate in a competitive environment. According to CRISIL, Government controls have influenced the extent of investments in the fertiliser industry, entry and exit of competitors, degree of competition and marketing and distribution strategies of those entities involved. Private entities have a strong presence in the industry even though the sector is highly regulated by the Government and competition in the industry is limited due to Government regulations on investments and constraints with feedstock availability. Please refer to “**Our Business**”, “**Industry Overview**” and “**Risk Factors**” on pages 136, 98 and 26, respectively for further information on our industry and competition.

Recent Accounting Pronouncements

As of the date of this Draft Red Herring Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

Significant developments subsequent to March 31, 2021

Except as disclosed above, and in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings involving our Company, our Promoters, our Directors; (ii) outstanding actions taken by statutory or regulatory authorities involving our Company, our Promoters or our Directors; (iii) outstanding claims involving our Company, our Promoters or our Directors related to direct and indirect taxes; (iv) outstanding litigation as determined to be material by our Board of Directors as per the Materiality Policy (defined below) in accordance with the SEBI ICDR Regulations; (v) outstanding dues to creditors of our Company as determined to be material by our Board of Directors as per the Materiality Policy in accordance with the SEBI ICDR Regulations; (vi) outstanding dues to micro, small and medium enterprises and other creditors; and (vii) outstanding litigation involving our Group Companies which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five Financial Years including outstanding action.

For the purpose of (iv) above, our Board in its meeting held on August 10, 2021 has considered and adopted a policy of materiality for identification of material litigation involving our Company, our Promoters and our Directors and (“**Relevant Parties**” and such policy, the “**Materiality Policy**”). In terms of the Materiality Policy, all pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years including outstanding action, and tax matters, would be considered ‘material’ if:

- a) the monetary amount of claim by or against the Relevant Parties in any such pending proceeding is in excess of ₹ 22.33 million i.e., 1 % of the profit after tax of the Company, as per the Restated Consolidated Financial Information for the Financial Year ended March 31, 2021; or
- b) an outcome in any such litigation would materially and adversely affect our Company’s business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation.

Further, our Company is currently in the process of acquiring the Goa Facility on a going concern basis from ZACL and has entered into a Business Transfer Agreement with ZACL for such acquisition. Other than as stated below, no other material litigation is being transferred to our Company while undertaking acquisition of the Goa Facility.

In terms of the Materiality Policy, outstanding dues to any creditor of our Company having monetary value which exceeds ₹ 469.77 million, which is 5 % of the total consolidated trade payables of our Company as per the latest Restated Consolidated Financial Information as at March 31, 2021, shall be considered as ‘material’.

Accordingly, as at March 31, 2021, any outstanding dues exceeding ₹ 469.77 million have been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”), the disclosure will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

I. Litigation involving our Company

Litigation filed against our Company

- a) Criminal proceedings
- 1. A criminal complaint was filed by the Odisha State Pollution Control Board (“**OSPCB**”) on May 5, 1996 against the Company and certain of its employees managing various factory premises of the Company, before the Court of Sub-Divisional Judicial Magistrate, Bhubaneswar alleging failure on the part of the Company to adopt adequate pollution control measures in relation to discharge of effluents from its factory premises which purportedly did not meet the standards prescribed by the OSPCB. The OSPCB further alleged that the Company was illegally discharging these effluents from its premises without a valid ‘consent’ from the OSPCB and hence was liable to be prosecuted under Section 44 of the Water (Prevention and Control of

Pollution) Act, 1974. The matter is currently pending. Preceding the criminal complaint, a writ petition was filed by Project Sworajya, a non-governmental organization praying for a direction against the Company to take effective pollution control measures. In the course of hearing, the High Court of Odisha directed the Senior Environment Engineer, State Pollution Control Board (“**Engineer**”) to inspect the status of the pollution control measures taken by the Company. Based on a report submitted by the Engineer, the High Court of Odisha, by way of an order dated October 30, 2010, expressed satisfaction in relation to the pollution control measures taken by the Company and disposed off the writ petition.

2. A prosecution report was filed by the Senior Inspector of Legal Metrology, Paradeep, Kujang on June 20, 1998 before the Judicial Magistrate (Ist Class), Kujang under Section 42 and Section 47 of the Standard Weights & Measures Act, 1976 for the alleged non-stamping of all storage tanks used for storing phosphoric acid by our Company. The matter is currently pending.
3. Two FIRs have been filed by the concerned Fertilizer Inspector and Senior Agricultural Officers against certain persons including employees of our Company, alleging contravention of various provisions of the 1985 Order read with Sections 3 and 7 of the Essential Commodities Act, 1955 by the accused, in relation to, among others, failure to ensure that the fertilizers manufactured and sold by our Company adhered to the standards prescribed under the 1985 Order. The matters are currently pending.
4. Two criminal complaints have been filed by the Government of Maharashtra on September 28, 2017 and April 3, 2014, against the Company, Zuari Fertilisers and Chemicals Limited and certain others before the Honourable Judicial Magistrate, First Class Sindewahi and Court of the Honourable Judicial Magistrate, First Class, Warora, respectively, alleging contravention of Clauses 19(a) and 19(c) of the 1985 Order, read with Sections 3 and 7 of the Essential Commodities Act, 1955, by the accused, in relation to, among others, failure to manufacture and sell fertilisers adhering to the standards prescribed under the 1985 Order. These matters are currently pending.
5. Four criminal complaints have been filed by the Assistant Directors of Factories and Boilers and the Deputy Director of Factories and Boilers against certain employees of our Company managing various factory premises of the Company, alleging violation of certain provisions of the Factories Act, 1948 and the relevant rules made thereunder, in relation to, among others, the purported (i) failure to ensure safety provisions and plant and systems of work in the factory for workers; (ii) failure to ensure adequate infrastructure, leading to the death of workers in some instances. These matters are currently pending.

b) Actions by regulatory and statutory authorities involving our Company

1. Our Company has also been involved as a party in three proceedings before Regional Director, Employees’ State Insurance Corporation of India in relation to the alleged delay in depositing contributions under the Employees’ State Insurance Act, 1948. The claims are being contested by the Company and are currently pending before the respective courts.
2. The District Collector, Jogalumba Gadwal (“**District Collector**”), by way of an order dated March 15, 2018 (“**Impugned Order**”), seized a large quantity fertilizers belonging to the Company on the grounds of alleged violation of Section 21(b)(ii) of the 1985 Order. A criminal appeal was filed by the Company on April 13, 2018, under Section 6-C of the Essential Commodities Act, 1955 against the Mandal Agricultural Officer, Gadwal, the District Collector Jogulamba, Gadwal and Avanthi Where-Housing Services Limited before the Court of the Sessions Judge at Mahabubnagar. The Company, by way of this appeal sought, among others, setting aside of the Impugned Order and release of the confiscated stock to the Company. The dealers who had already purchased the confiscated fertilizer stocks from our Company also filed a writ petition against the Department of Civil Supplies, Government of Telangana, The District Civil Supplies Officer, Gadwal, the Assistant Director of Agriculture, Gadwal the Mandal Agricultural Officer, Gadwal and the District Collector (“**Respondents**”) before the High Court of Telangana and Andhra Pradesh (“**High Court**”), challenging the Impugned Order. The petitioner alleged that the Impugned Order was violative of the Articles, 14, 19(1)(g) and 21 of the Constitution of India and the principles of natural justice and sought suspension of the Impugned Order. The High Court, by way of its order dated April 27, 2018, directed the Respondents to refrain from taking any coercive actions pursuant to the Impugned Order. The matter is currently pending.

c) *Material civil proceedings*

1. Our Company had obtained a “Fire and Allied Perils” insurance policy from the New India Assurance Company Limited. Thereafter, pursuant to the super cyclone that struck the coast of Odisha on October 29, 1999 and October 30, 1999, a final claim amounting to ₹ 361.70 million was lodged by our Company with the New India Assurance Company. However, pursuant to disputes between the New India Assurance Company Limited and the Company, the parties had entered into arbitration proceedings. An appeal was filed by the New India Assurance Company on December 21, 2016, under Section 37 of the Arbitration and Conciliation Act, 1996 against the Company before the High Court of Odisha against (i) the arbitral award dated February 17, 2011 passed in favour of the Company, which directed the New India Assurance Company Limited to pay; (a) a principal of ₹ 61.36 million with interest, per annum from October 10, 2003 till the payment of the final claim amount or realisation, whichever is earlier; and (b) arbitration costs amounting to ₹ 1.30 million (“**Arbitration Award**”); and (ii) judgment dated October 1, 2016 passed by the District Judge, Cuttack confirming the Arbitration Award (“**Judgment**”). The appellant has sought, among others, an order for setting aside the Arbitration Award and the Judgment. This matter is currently pending.
2. A writ petition was filed by the Paradip Port Trust (“**PPT**”) against our Company before the High Court of Odisha challenging; i) the award dated December 27, 2002, by a sole arbitrator, by way of which PPT was required to, among others, refund a sum of ₹ 103.30 million along with simple interest at the rate of 12% per annum from the initial date till April 1, 1999. Further, the rate of interest from April 1, 1999 till the date of publication of the award would be subject to the order issued by the Tariff Authority for Major Ports in relation to the for imposition of tariff for the usage of captive berths by our Company (“**Award**”). The High Court of Odisha, by way of an order dated February 24, 2010, directed that the Award shall not be given effect to, until further orders. Further, the Supreme Court, by way of its order, dated January 12, 2016, determined the High Court of Odisha as the appropriate authority for determination and execution of the Award and also allowed our Company to file counter-claims before the Odisha High Court. Consequently, our Company filed applications for counter claims on March 15, 2010 and February 24, 2016 respectively, praying that the Award be upheld and a refund of ₹ 339.56 million with 14% interest be made by PPT to the Company. The matter is currently pending.
3. Another writ petition was filed on January 10, 2012 by the Board of Trustees, Paradip Port Trust (“**PPT**”) against the Tariff Authority for Major Ports and our Company before the High Court of Odisha challenging the order dated November 22, 2011 issued by the Tariff Authority for Major Ports by way of which a tariff amounting to ₹ 122.90 million was to be paid by PPT to the Company (“**Tariff Order**”). The petitioner claimed that the Tariff Order was discriminatory in nature as it imposed a lower tariff on the Company as compared to other similarly placed captive berths. The petitioner has sought issuance of an appropriate writ and directions to quash the Tariff Order. This matter is currently pending.
4. Our Company has been identified as a party in 43 land acquisition proceedings filed under relevant provisions of the Land Acquisition Act, 1894 which are currently pending before the respective courts at various stages of adjudication. In the event, adverse orders are passed against our Company in any of the proceedings, our Company may be required to pay any additional claims of compensation that may arise. The aggregate amount that may arise in relation to these proceedings is not ascertainable at this stage.

Litigation filed by our Company

a) *Criminal proceedings*

1. Our Company has filed 53 complaints and appeals against various parties, under Section 138 of the Negotiable Instruments Act, 1881, in relation to dishonour of cheques. The matters are pending at various stages of adjudication before various courts. The aggregate amount involved in these matters is approximately ₹ 298.08 million.
2. A FIR was filed against Vijay Kumar on November 24, 1994, pursuant to a complaint filed by our Company November 23, 1994 before the Superintendent of Police, Central Bureau of Investigation (“**CBI**”), Patna Branch, Patna, alleging commission of an offence under Section 409 read with Section 120-B of the Indian Penal Code, 1860 as the accused failed to distribute fertilizers of the Company stored by the accused. Our Company has filed an application before the Special Magistrate, CBI, Patna seeking physical possession of the fertilizer stocks which are lying in the godowns of the accused. Further, our Company has also filed a

suit on May 15, 1995 against the accused. The matter is currently pending. For details of the suit, see “– **Litigation filed by our Company – Material civil proceedings**” on page 410.

3. A FIR was filed on December 1, 2010 with the Paradeep Police Station, Jagatsinhpur, Odisha, pursuant to a complaint filed by our Company on November 30, 2010 (“**Complaint**”) against Asim Kumar De and other persons (“**Accused**”). Our Company has alleged that the Accused has colluded with each other for the theft of furnace oil. Consequently, a charge sheet dated December 9, 2010 (“**Charge Sheet**”) was filed against the Accused, disclosing the commission of offences under Sections 407 and 408 read with Section 120-B of the Indian Penal Code, 1860. Subsequently, Asim Kumar De has filed a i) writ petition on December 12, 2012 before the High Court of Odisha against the Company and others (“**Respondents**”) praying for, among others, the Charge Sheet to be set aside; and ii) an application on December 12, 2012 seeking directions against the Respondents from taking any further coercive actions. The matter is currently pending.

b) Material civil proceedings

1. PPL Employees Provident Fund Trust (“**PPL Trust**”) had made investments amounting to ₹ 64.33 million in Infrastructure Leasing and Financial Services and its group companies (“**Borrower Entities**”) by way of subscription of non-convertible debentures. The Borrower Entities started making defaults in payment of interest to PPL Trust. In the meanwhile, GoI filed an application before the NCLT, under Section 241 of the Companies Act, 2013, seeking grant of a three month moratorium in respect of the Borrower Entities. The NCLT, by way of its order dated October 12, 2018 refused to grant a moratorium. The aforesaid order was challenged before the National Company Law Appellate Tribunal (“**NCLAT**”) by the Borrower Entities as well as GoI by way of Company Appeal (AT) No. 346 of 2018 (“**Appeal**”). An interlocutory application was filed by our Company on February 11, 2019 before the NCLAT, praying for, among other, i) the impleadment of PPL Trust as a necessary and proper party to the Appeal; ii) vacation of the interim order dated October 15, 2018 passed by NCLAT, by way of which, a moratorium was imposed on any actions in relation to recovery, withdrawal or invocation of any loans, corporate loans etc. availed by the Borrower Entities; and iii) directions to the Borrower Entities to discharge its payment obligations towards PPL Trust.
2. Our Company has filed a writ petition on January 14, 2016 against the Executive Engineer Cum Irrigation Officer, Mahanadi, Jobra, Cuttack (“**Executive Engineer**”) and others before the High Court of Odisha challenging the order dated August 28, 2015 passed by the Board of Revenue, Cuttack, Odisha (“**Impugned Order**”). By way of the Impugned Order, the Board of Revenue upheld an order dated April 13, 2006 passed by the District Magistrate and Collector, Jagatsinhpur, directing our Company to pay ₹ 4.47 million with an interest of 2% per month as arrears for drawing water from Taladanda Extension Canal in Odisha, which is a government water source. The High Court of Odisha, by way of an order dated March 4, 2016, directed that no coercive action shall be taken against our Company till the next date of listing subject to us continuing the payments for the current dues. Further, the Chief Engineer, Directorate of Water Services, Government of Odisha, by way of a letter dated April 24, 2019, observed that the Company has paid all amounts claimed as arrears. Consequently, he has issued directions to the Executive Engineer to review the amount claimed as arrears against the Company. However, our Company has to undertake payment of ₹ 193.47 million, in accordance with the demand notice issued by the Executive Engineer on June 5, 2021. The matter is currently pending.
3. Our Company filed a writ petition on April 29, 2016 against the State of Odisha, Cuttack and others challenging (i) the resolutions dated May 18, 2015 and November 3, 2015 passed by the State Cabinet requiring industries to make a one-time contribution of ₹ 25 million to the ‘Water Conservation Fund’ (“**Impugned Resolutions**”) and (ii) the demand notice dated February 16, 2016 directing the Company to deposit ₹ 232.25 million towards the ‘Water Conservation Fund’ (“**Demand Notice**”). The Company has sought, among others, (i) issuance of directions asking the respondents to show cause as to why the Impugned Resolutions should not be quashed and (ii) issuance of an appropriate writ or directions quashing the Demand Notice. This matter is currently pending.
4. Our Company and another person filed a writ petition on May 20, 2019 against the Department of Fertilizers and another before the High Court of Delhi challenging (i) the order dated February 18, 2019 (“**Impugned Order**”); (ii) the ‘Nutrient Based Subsidy Policy’ dated March 4, 2010 read with notification dated October 25, 2012 and circular dated June 13, 2013 (“**Scheme**”). The respondents had allegedly denied the Company subsidies aggregating to ₹ 535 million which the Company was entitled to under the Scheme by way of the Impugned Order. The Company has sought, among others, (i) issuance of a writ or directions to quash the

Impugned Order and (ii) issuance of a writ or directions mandating the respondents to release the subsidies payable to the Company under the Scheme. This matter is currently pending.

5. Our Company filed a suit on May 15, 1995 against Vijay Kumar and others before the Court of Ist Subordinate Judge, Patna seeking payment of ₹ 28.11 million (including a sum of ₹ 25.92 million as the principal amount and an amount of ₹ 2.19 million as interest at the rate of 18% per annum, as of May 14, 1990) by the defendants due to alleged failure on the part of the defendants to further distribute fertilizers of the Company stored by the defendants and to honour the terms of various delivery challans/ invoices issued by our Company. Further, a FIR dated November 24, 1994 was filed against Vijay Kumar, pursuant to a complaint dated November 23, 1994 by our Company. For details of the FIR, see “– **Litigation filed by our Company – Criminal proceedings**” on page 410. This matter is currently pending.
6. Our Company filed a suit on October 4, 1999 against Durgaji Fertilizer Agency and others before the Court of Sub-Judge, Chapra seeking payment of ₹ 25.54 million by the defendants due to losses suffered by us on account of the alleged failure on the part of the defendants to store fertilizers of the Company in accordance with the terms of the agreement dated February 15, 1990. This matter is currently pending.

Tax proceedings involving our Company

S. No.	Particulars	Number of cases	Aggregate amount involved (in ₹ million)
1.	Indirect Tax	34	2,634.95
2.	Direct Tax	7	882.60
	Total	41	3,517.55

I. Litigation involving our Promoters

Litigation filed against our Promoters

a) Criminal proceedings

1. Six criminal complaints have been filed by state authorities against various parties including representatives of ZACL, alleging contravention of various provisions of the Insecticides Act, 1968, by the accused, in relation to, among others, failure to ensure that the insecticides manufactured and sold by our Company to meet the prescribed quantities of constituents. The matters are currently pending.
2. 106 criminal complaints have been filed by the concerned Fertilizer Inspectors against certain persons including ZACL and its compliance officers, alleging contravention of provisions of the 1985 Order by the accused, due to the product failures. It was alleged that the size of the N, P, K components or particles did not meet the permissible variance limits stipulated in the 1985 Order. The matters are currently pending before various courts.
3. Two complaints were filed by the Labour Inspector before the Judicial Magistrate, First Class against ZACL and Mr. Saroj Kumar Poddar, chairman and non-executive of our Company, in his capacity as director of ZACL under Section 25 for the Industrial Disputes Act, 1947 alleging commission of unfair labour practices by discharging employees from service in bad faith. The matters are currently pending.
4. The Legal Metrology Inspector, Amravati Region, Karnataka issued a compounding notice against our ZACL on March 7, 2017 stating that during an inspection/surprise visit to the premises of ZACL, irregularities were found in relation to packaging of insecticides, micronutrients and WSF mixtures manufactured and distributed by ZACL. ZACL, by way of a letter dated March 16, 2017 contended that packaging of the products were undertaken in compliance with Rule 8 (1) of the Legal Metrology (Packaged Commodities) Rules 2011. Consequently, the concerned officer filed a criminal complaint on July 5, 2017 before the Judicial Magistrate First Class, Achalpur, Amravati Region, Maharashtra. The matter is currently pending.

b) Actions by regulatory and statutory authorities involving our Company

1. ZACL has received a letter dtd 17.3.2020 from The Regional Director, Western Region, Ministry of

Corporate Affairs has issued a letter to ZACL on March 17, 2020 in relation to inspection under section 206(5) of the Companies Act, 2013 and had sought certain documents. ZACL has submitted the documents sought for, by way of its letter dated June 2, 2020. The matter is currently pending.

Litigation filed by our Promoters

a) Criminal proceedings

69 complaints and appeals have been filed by ZACL against various dealers, under Section 138 of the Negotiable Instruments Act, 1881, in relation to dishonour of cheques. The matters are pending at various stages of adjudication before various courts. The aggregate amount involved in these matters is approximately ₹ 339.76 million.

b) Material civil proceedings

1. A writ petition was filed on February 10, 2020 before the High Court of Karnataka by ZACL against Karnataka Industrial Area Development Board (“**KIADB**”) for recovery of ₹ 60.46 million along with interest. ZACL had deposited ₹ 402.59 million along with earnest money amounting to ₹ 0.37 million as consideration for allotment of land for setting up a urea plant. However, ZACL had to withdraw from the project due to the failure of KIADB to acquire and allot the proposed land to ZACL for setting up the plant. Thereafter, a refund of only ₹ 342.50 million was made by KIADB to ZACL. KIADB, by way of a letter dated November 18, 2019 also failed to adjust the balance amount of ₹ 60.5 million against the payment of consideration by ZACL for allotment of land at Belapur Industrial Area, Udipi, Karnataka for setting up another fertilizer plant. The matter is currently pending.
2. A suit was filed on August 17, 2012 before the Civil Judge, Senior Division, Vasco da Gama, Goa by ZACL against the National Highway Authority of India (“**NHAI**”) and others for recovery of damages amounting to ₹ 660.00 million caused due to a fire caused by the leakage of Naphtha gas owing to negligence on part of the contractors empanelled by NHAI for construction of a culvert. The matter is currently pending.

Tax Proceedings involving our Promoters

S. No.	Particulars	Number of cases	Aggregate amount involved (in ₹ million)
ZACL			
1.	Indirect Tax	24	1,020.37
2.	Direct tax	13	606.59
	Total	37	1,626.96

I. Litigation involving our Directors

Litigation filed against our Directors

a) Actions by regulatory and statutory authorities involving our Directors

1. A complaint was filed by the Registrar of Companies, Odisha on August 8, 2017 under Section 165(6) of the Companies Act, 2013 (the “**Complaint**”) against Saroj Kumar Poddar, our chairman and non-executive director before the Court of Additional Chief Judicial Magistrate (Special), Cuttack for alleged violation of Section 165(6) of the Companies Act, 2013 by exceeding the prescribed limit on the number of directorships of public limited companies. The complainant had sought, among others, issuance of summons to Saroj Kumar Poddar and imposition of appropriate punishment under Section 165(6) of the Companies Act, 2013. This matter is currently pending.

Litigation filed by our Directors

a) Criminal proceedings

1. Our chairman and non-executive director, Saroj Kumar Poddar filed a case against Birla Power Solution Limited and others under Sections 138 and 141 of the Negotiable Instruments Act, 1881, in relation to dishonour of cheque for a sum of ₹ 20 million. He has also filed an application for revision before the

Chief Judge, City Sessions Court, Kolkata, West Bengal for early hearing of the matter. The matter is currently pending.

2. Two complaints were filed by the Labour Inspector before the Judicial Magistrate, First Class against ZACL and Mr. Saroj Kumar Poddar, chairman and non-executive of our Company, in his capacity as director of ZACL for unfair labour practices. The matters are currently pending. For details, see “- **Litigation filed against our Promoters – Criminal Proceedings**” on page 412.

b) *Tax Proceedings*

S. No.	Particulars	Number of cases	Aggregate amount involved (in ₹ million)
<i>Saroj Kumar Poddar</i>			
1.	Direct Tax	1	-
	Total	1	-

I. Litigation involving our Group Companies

There is no litigation involving our Group Companies that has a material impact on our Company.

II. Litigation involving the Goa Facility

a) *Material civil proceedings*

1. A writ petition was filed by ZACL against the Department of Fertilizers before the High Court of Delhi challenging an order issued by Department of Fertilizers on September 19, 2019 (“**Subsidy Order**”). The Subsidy Order was passed by the Department of Fertilizers rejecting ZACL’s submissions that the Nutrient-Based Subsidy (“**NBS**”) Policy is applicable to imported phosphatic and potassic fertilizers dispatched by ZACL to its warehouses for onward sale during months of February-March, 2013. ZACL has sought, among others, the recovery of an amount aggregating to ₹194.90 million which had accrued as receivables after regularization of the subsidy payable on fertilizers dispatched by fertilizer companies to their warehouses for onward sale during months of February-March, 2013 as per NBS Policy. The matter is currently pending.
2. ZACL is involved in two proceedings involving an aggregate amount of ₹ 25.14 million in relation to i) invoices raised for contract services allegedly availed by ZACL for the months of September-October 2019, filed before the National Company Law Tribunal, Mumbai Bench under the relevant provisions of the Insolvency and Bankruptcy Code, 2016,; and ii) alleged deduction of dues in contravention of the work order issued to a contractor by ZACL, filed before the Civil Judge, Senior Division, Vasco da Gama, Goa. These matters are currently pending at different stages of adjudication.

b) *Material tax proceedings involving the Goa Facility*

S. No.	Particulars	Number of cases	Aggregate amount involved (in ₹ million)
1.	Indirect Tax	12	955.28
	Total	12	955.28

For details of contingent liabilities as per Ind AS 37 as of March 31, 2021 including the above mentioned material tax proceedings, please see, “**Special Purpose Carve Out Financial Statements- Notes to the Special Purpose Carve Out Financial Statements- Note 27 B- Contingent Liabilities**” on page 366.

Outstanding dues to creditors

In terms of the Materiality Policy, creditors of our Company to whom an amount exceeding 5 % of the total consolidated trade payables as at March 31, 2021 was outstanding, were considered ‘material’ creditors. As per the Restated Consolidated Financial Information, our trade payables as at March 31, 2021, was ₹ 9,395.32 million

and accordingly, creditors to whom outstanding dues exceed ₹ 469.77 million have been considered as material creditors for the purposes of disclosure in this Draft Red Herring Prospectus.

Based on this criteria, details of outstanding dues owed as at March 31, 2021 by our Company are set out below:

Type of Creditors*	Number of Creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises	59	62.56
Material creditors	5	6,848.59
Other creditors	803	1,462.04
Total outstanding dues**	867	8,373.19

*Based on the certificate dated August 12, 2021 from J. C. Bhalla & Co., independent chartered accountants

**This does not include provision for expenses amounting to ₹ 1,022.13 million

The details pertaining to outstanding overdues to the material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at https://www.paradeepphosphates.com/investor/creditors_details/

Material Developments

Other than as stated in the section entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 384, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Our business operations require various consents, licenses, registrations, permissions and approvals issued by relevant governmental and regulatory authorities under applicable rules and regulations. We have set out below an indicative list of all material consents, licenses, registrations, permissions and approvals obtained by our Company for the purposes of undertaking their respective business operations. Except as mentioned below, no further material consents, licenses, registrations, permissions and approvals are required to undertake the Offer or to carry on our present business and operations. Further, our Company is currently in the process of acquiring the Goa Facility on a going concern basis from ZACL and has entered into a Business Transfer Agreement dated March 1, 2021 with ZACL for such acquisition. Other than as stated below, no further material approvals from any regulatory authority are required to undertake acquisition of the Goa Facility and for operating the Goa Facility. Unless otherwise stated, these material approvals are valid as on the date of this Draft Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see the section titled “**Key Regulations and Policies in India**” on page 195.

We have also set out below, (i) material approvals or renewals applied for but not received; and (ii) material approvals expired and renewal yet to be applied for, as on the date of this Draft Red Herring Prospectus.

I. Approvals in relation to the Offer

For details of corporate and other approvals in relation to the Offer, see “**Other Regulatory and Statutory Disclosures – Authority for the Offer – Corporate Approvals**” on page 419.

II. Incorporation details of our Company

For details of the incorporation details of our Company, see “**History and Certain Corporate Matters – Brief History of our Company**” on page 202.

III. Approvals in relation to acquisition of the Goa Facility from ZACL

- (i) In-principle approval dated June 19, 2020 passed by the Board of Directors of ZACL approving the sale of the Goa Facility on a going concern basis to our Company.
- (ii) Final approvals dated February 22, 2021 and April 7, 2021 passed by the board of directors and shareholders of ZACL, respectively, in relation to the sale of the Goa Facility on a going concern basis to our Company.
- (iii) Approval dated June 24, 2021 from the Competition Commission of India in relation to acquisition of the Goa Facility on a going concern basis by our Company.

IV. Material approvals obtained in relation to our business

We require various approvals issued by central and state authorities under various rules and regulations to carry on our business and operations in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements. We have received the following material approvals pertaining to our business:

A. Tax related approvals obtained by our Company

- (i) The permanent account number of our Company is AABCP3276D.
- (ii) The tax deduction account number of our Company is BBNP00105A.
- (iii) GST registrations for payments under various central and state goods and services tax legislations.
- (iv) Professional tax registrations under the applicable state specific laws obtained by our Company.

B. Labour related approvals obtained by our Company

- (i) Certificate of registration issued under the EPF Act.

- (ii) Certificate of registration issued under the ESI Act.
- (iii) Registration certificates issued under the relevant shops and establishment acts obtained by our Company.

C. Material approvals obtained in relation to our operations

An indicative list of the material approvals in relation to our manufacturing facility located in Odisha and the sale of our products (“**Material Approvals**”) is provided below:

1. **Certificate to use boilers:** Our facility is required to obtain separate certificates for each boiler utilised under the provisions of the Boilers Act, 1923 and the Indian Boilers Regulations, 1950 and the rules of the relevant state, as applicable, for possession of steam boilers by providing specifications such as capacity, design and so on. The certificates provide the maximum pressure at which the boiler may be operated and are subject to inspections, hydraulic testing, reporting requirements and periodic renewals.
2. **No objection certificates from fire department:** We are required to obtain no objection certificates from the fire department in the relevant jurisdiction, to undertake and continue our operations, and such no objection certificates are subject to renewal. Our manufacturing unit is classified as a Major Accident Hazard Unit under the Orissa Factories (Control of Major Accident Hazard) Rules, 2001.
3. **Legal metrology license:** We are required to obtain certificates of verification under the Legal Metrology Act, 2009 and the rules of the relevant state, as applicable, (subject to periodic renewals after yearly inspection) and a certificate of registration under the Legal Metrology (Packaged Commodities) Rules, 2011, to ensure compliance with uniform standards of measurement and weight.
4. **Labour law related approvals:** Under the scheme of labour laws, we are required to obtain licenses to start the facility and use the premises as a factory under the Factories Act, 1948 and a certificate of registration under the Contract Labour (Abolition and Regulation) Act, 1970. Such licenses and registrations may be subject to renewals.
5. **Environment related approvals:** We are required to obtain environment related clearances, consents and authorisations to operate under the Environment Impact Assessment Notification, 2006, Air Act, Water Act, the Biomedical Waste Management Rules and the Hazardous Waste Rules from the state pollution control board of the relevant state. Such licenses, consents and authorisations are subject to periodic renewal.
6. **Fertilizer related approvals:** Under the Fertilizer (Control) Order, 1985, no person shall sell or carry on the business of selling fertilizers without obtaining prior permission of the relevant state governments. Our Company has obtained licenses/letters of authorisation for carrying on the business of selling fertilisers under the Fertilizer (Control) Order, 1985 for various states, where we have our selling operations. These licenses/letters of authorisation are subject to periodic renewals.

V. Material approvals obtained in relation to the operations of the Goa Facility

The Goa Facility also requires the aforementioned Material Approvals to carry on its business operations. Some of the approvals, licenses and registrations that the Goa Facility are required to obtain and maintain may expire in the ordinary course of business and applications for renewal of such approvals will be duly submitted, in accordance with applicable procedures and requirements.

VI. Material Approvals applied for, but not received

We currently hold all aforementioned Material Approvals, except the certificate of registration under the Contract Labour (Abolition and Regulation) Act, 1970 and the fire no-objection certificate for which for which applications for renewal have been submitted.

Further, the Goa Facility currently holds all aforementioned Material Approvals, except the certificate of registration under the Contract Labour (Abolition and Regulation) Act, 1970, the fire no-objection certificates and the letter of authorisation to sell or carry on the business of selling fertilizers under the Fertilizer (Control) Order, 1985 for the state of Chhattisgarh, Kerala, and West Bengal for which applications for renewal have been submitted.

After the acquisition of the Goa Facility, our Company will be required to make necessary applications to the relevant government, regulatory or statutory authorities, for transferring in its favour the corresponding approvals, licenses or registrations held by ZACL in respect of the Goa Facility. The transfer of business licenses and permits depends on the terms and conditions of issue of such licenses and permits and in the case of non-transferable authorizations, our Company will be required to apply for fresh authorizations.

VII. Material approvals not applied for

There are no material consents, licenses, registrations, permissions and approvals for which applications are yet to be made by our Company.

VIII. Intellectual property approvals in relation to the Company

As on the date of this Draft Red Herring Prospectus, our Company has registered trademarks under class-01 with the Registrar of Trademarks under the Trade Marks Act, for the *Navratna* brand of fertilizer. Further, we have also made applications seeking registration of certain trademarks under various classes, which are currently pending registration. For details, see “***Our Business- Intellectual Property***” on page 155.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

The Fresh Issue has been authorised by our Board pursuant to its resolution dated May 24, 2021 and by a resolution passed by our Shareholders on June 1, 2021 under section 62(1)(c) of the Companies Act, 2013. Further, our Board has taken on record the approval of the Offer for Sale by the Selling Shareholders pursuant to their resolutions dated August 10, 2021.

Our Board has approved and adopted this Draft Red Herring Prospectus pursuant to its resolution dated August 10, 2021 and our IPO Committee has approved this Draft Red Herring Prospectus pursuant to its resolution dated August 12, 2021.

Approval from the Selling Shareholders

ZMPPL has authorised and confirmed inclusion of up to 7,546,800 Offered Shares as part of the Offer for Sale by its consent letter dated August 10, 2021.

The GoI has granted approval for the Offer by its letter bearing number no. 18031/02/2020-PSU dated March 26, 2021.

The GoI has authorised the inclusion of the entire 19.55% of the equity share capital of the Company, held by the President of India, acting through the Department of Fertilizers, Ministry of Chemicals and Fertilizers, GoI as part of the Offer for Sale by its letter bearing no. F. No. 3/1/2021-DIPAM-II dated May 6, 2021,

In-principle Listing Approvals

Our Company has received in-principle approvals from the BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI, RBI or Governmental Authorities

Our Company, our Promoters and Promoter Group, our Directors, the Selling Shareholders and the persons in control of our Company and corporate Promoters, are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any authority or court.

Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, our Promoters, Promoter Group, and the Selling Shareholders confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent in force and applicable to each of them, as on the date of this Draft Red Herring Prospectus.

Directors associated with the Securities Market

None of our Directors are associated with the securities market in any manner and no action has been initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations as described below:

- Our Company has had net tangible assets of at least ₹ 30,000,000, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

- Our Company has an average operating profit of at least ₹ 150,000,000, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company has a net worth of at least ₹ 10,000,000 in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and
- Our Company has not changed its name in the last one year.

Our Company's net tangible assets, operating profits, net worth monetary assets and monetary assets as a percentage of the net tangible assets, derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at, and for the last three Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019 are set forth below:

(₹ in million, unless otherwise stated)

	As at and for March 31, 2021	As at and for March 31, 2020	As at and for March 31, 2019
Net tangible assets*, as restated and consolidated	18,264.05	16,021.76	14,817.58
Operating profit**, as restated and consolidated	4,587.21	3,864.42	3,713.49
Net worth***, as restated and consolidated	18,275.10	16,035.34	14,827.13
Monetary assets#, as restated and consolidated	931.98	58.18	201.15
Monetary assets, as restated and consolidated, as a percentage of net tangible assets##, as restated and consolidated	5.10%	0.36%	1.36%

* Net tangible assets, restated and consolidated, mean the sum of all net assets of the Company and excluding intangible assets, each on restated basis and as defined in Indian Accounting Standard 38.

** Restated and consolidated operating profit has been calculated as restated and consolidated net profit before tax excluding other income and finance cost each on a restated and consolidated basis.

*** Net worth (as restated and consolidated) is equal to sum of equity share capital and other equity

Restated and consolidated monetary assets = Cash on hand + balance with bank in current accounts + balance in cash credit accounts + deposit due to be matured within twelve months of the reporting date.

Monetary assets as restated as a percentage of the net tangible assets' means monetary assets as restated divided by net tangible assets, as restated, expressed as a percentage.

Our Company has operating profits in each of Fiscals 2021, 2020 and 2019 in terms of our Restated Consolidated Financial Information.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, failing which, the entire application money will be refunded forthwith.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delay period.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, as follows:

- Neither our Company, nor our Promoters, members of our Promoter Group or our Directors are debarred from accessing the capital markets by SEBI.
- None of our Promoters nor our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI.
- Neither our Company nor the Promoters or any of our Directors is a Wilful Defaulter.

- (d) None of our Promoters or Directors is a Fugitive Economic Offender.
- (e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMs, AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, JM FINANCIAL LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs, AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, JM FINANCIAL LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 12, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Disclaimer from our Company, our Directors and the BRLMs

Our Company, our Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.paradeepphosphates.com, or any website of any affiliate of our Company or any of the Group Companies, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

None among our Company or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise; the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Group Companies, and their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and its respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, Hindu Undivided Families (“HUFs”), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), systemically important non-banking financial companies or trusts under the applicable trust laws, and who are authorized under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, venture capital funds, permitted insurance companies and pension funds and to permitted non-residents including Eligible NRIs, Alternative Investment Funds (“AIFs”), Foreign Portfolio Investors registered with SEBI (“FPIs”) and QIBs. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Invitations to subscribe to the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Odisha, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933 (“U.S. Securities Act”) or any state securities laws in 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 state securities laws. Accordingly, such Equity Shares are only being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) in the United States to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A (“Rule 144A”) under the U.S. Securities Act), pursuant to Section 4(a) of the U.S. Securities Act.

The Equity Shares 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.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

Listing

Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares being issued and sold in the Offer and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI. If our Company does not allot Equity Shares pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

“Any person who –

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447.”

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of: (a) our Directors, the Selling Shareholders, the Company Secretary and Compliance Officer, the legal counsels, the bankers to our Company, industry sources, third party chartered accountants, the BRLMs and Registrar to the Offer have been obtained; and (b) the Syndicate Members, Bankers to the Offer /Escrow Bank, Public Offer Account Bank, Sponsor Bank and Refund Bank to act in their respective capacities, will be obtained. Further, such consents shall not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus and the Prospectus with the SEBI.

Our Company has received consent of our Statutory Auditors, who hold a valid peer review certificate, to include their name as required under Section 26(5) of the Companies Act 2013 in this Draft Red Herring Prospectus, and as an “expert”, as defined under Section 2(38) of the Companies Act 2013 in respect of the i) examination report

dated August 12, 2021 on our Restated Consolidated Financial Information; (ii) its report dated August 12, 2021 on the statement of special tax benefits; and (iii) its report dated August 12, 2021 on the Unaudited Pro Forma Condensed Combined Financial Information, included in this Draft Red Herring Prospectus.

Further, our Company has also received written consent by way of, (i) a certificate dated August 9, 2021 from Ananta V.P. Moio, Chartered Engineers; and (ii) a certificate dated July 31, 2021 from SZB Engineering Consultants Pvt. Ltd, Chartered Engineers to include their names as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Red Herring Prospectus.

Particulars regarding Public or Rights Issues during the Last Five Years

There have been no public issues, including any rights issues to the public undertaken by our Company during the five years preceding the date of this Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues in the Last Five Years

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares in the five years preceding the date of this Draft Red Herring Prospectus.

Capital Issues in the Preceding Three Years

Except as disclosed in “**Capital Structure**” on page 67, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis Objects – Public/ rights issue of our Company

Our Company has not undertaken any public issues, including any rights issues to the public in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis Objects – Public/ rights issue of the listed Promoters/ listed subsidiaries of our Company

Our listed Promoters have not undertaken any public issues, including any rights issues to the public in the five years preceding the date of this Draft Red Herring Prospectus. Furthermore, Our Company does not have any subsidiaries.

Price information of past issues handled by the BRLMs

Axis Capital Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Limited*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, +/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, +/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, +/- % change in closing benchmark]- 180 th calendar days from listing
1.	Clean Science And Technology Limited	15,466.22	900.00	19-Jul-21	1,755.00	-	-	-
2.	India Pesticides Limited	8,000.00	296.00	5-Jul-21	350.00	-	-	-
3.	Krishna Institute Of Medical Sciences Limited ¹	21,437.44	825.00	28-Jun-21	1,009.00	+48.10%, [-0.43%]	-	-
4.	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%, [-0.43%]	-	-

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, +/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, +/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, +/- % change in closing benchmark]- 180 th calendar days from listing
5.	Shyam Metals And Energy Limited [@]	9,085.50	306.00	24-Jun-21	380.00	+40.95%, [+0.42%]	-	-
6.	Macrotech Developers Limited	25,000.00	486.00	19-April- 21	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	-
7.	Barbeque – Nation Hospitality Limited	4,528.74	500.00	07-April- 21	489.85	+18.77%, [-0.64%]	+76.97%, [+6.85%]	-
8.	Suryoday Small Finance Bank Limited ^{\$}	5,808.39	305.00	26-Mar-21	292.00	-18.38%, [-1.14%]	-26.87%, [+8.13%]	-
9.	Kalyan Jewellers India Limited [#]	11,748.16	87.00	26-Mar-21	73.95	-24.60%, [-1.14%]	-7.07%, [+8.13%]	-
10.	Craftsman Automation Limited	8,236.96	1,490.00	25-Mar-21	1,359.00	-13.82%, [+0.11%]	+16.81%, [+10.11%]	-

Source: www.nseindia.com

Notes:

- Issue Size derived from Prospectus/final post issue reports, as available.
- The CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
- Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

\$ Offer Price was ₹275.00 per equity share to Eligible Employees

Offer Price was ₹79.00 per equity share to Eligible Employees

@ Offer Price was ₹291.00 per equity share to Eligible Employees

! Offer Price was ₹785.00 per equity share to Eligible Employees

1. Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Axis Capital Limited

Finan cial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25- 50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021- 2022*	7	88,719.67	-	-	-	-	4	1	-	-	-	-	-	-
2020- 2021	11	93,028.90	-	-	6	2	1	2	-	-	-	2	1	2
2019- 2020	5	161,776.0 3	-	1	2	-	-	2	1	1	-	-	-	3

* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

ICICI Securities Limited

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by ICICI Securities Limited

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Home First Finance Company India Limited	11,537.19	518.00	February 3, 2021	618.80	+4.98%, [+1.97%]	-5.64%, [-1.05%]	+15.86%, [+6.58%]
2.	Railtel Corporation of India Limited	8,192.42	94.00	February 26, 2021	109.00	+35.64%, [-0.15%]	+37.50%, [+5.32%]	NA*
3.	Kalyan Jewellers India Limited	11,748.16	87.00 ⁽¹⁾	March 26, 2021	73.95	-24.60%, [-1.14%]	-7.07%, [+8.13%]	NA*
4.	Suryoday Small Finance Bank Limited	5,808.39	305.00 ⁽²⁾	March 26, 2021	292.00	-18.38%, [-1.14%]	-26.87%, [+8.13%]	NA*
5.	Nazara Technologies Limited	5,826.91	1,101.00 ⁽³⁾	March 30, 2021	1,990.00	+62.57%, [+0.13%]	+37.59%, [+6.84%]	NA*
6.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	NA*
7.	Shyam Metals and Energy Limited	9,087.97	306.00 ⁽⁴⁾	June 24, 2021	380.00	+40.95%, [+0.42%]	NA*	NA*
8.	Dodla Dairy Limited	5,201.77	428.00	June 28, 2021	550.00	+44.94%, [-0.43%]	NA*	NA*
9.	G R Infraprojects Limited	9,623.34	837.00 ⁽⁵⁾	July 19, 2021	1,715.85	NA*	NA*	NA*
10.	Tatva Chintan Pharma Chem Limited	5,000.00	1,083.00	29-July-21	2,111.85	NA*	NA*	NA*

Source: www.nseindia.com

*Data not available

Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.

b. The CNX NIFTY is considered as the Benchmark Index.

c. Price on NSE is considered for all of the above calculations.

d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

- Discount of Rs. 8 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 87.00 per equity share;
- Discount of Rs. 30 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 305.00 per equity share;
- Discount of Rs. 110 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 1,101.00 per equity share;
- Discount of Rs. 15 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 306.00 per equity share;
- Discount of Rs. 42 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 837.00 per equity share.

2. Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	5	53,913.08	-	-	-	-	3	-	-	-	-	-	-	-
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	-	2	4	2	2
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

* This data covers issues upto YTD

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

JM Financial Limited

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by JM Financial Limited

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Rolex Rings Limited	7,310.00	900.00	August 09, 2021	1,250.00	Not Applicable	Not Applicable	Not Applicable
2.	Tatva Chintan Pharma Chem Limited	5,000.00	1,083.00	July 29, 2021	2,111.85	Not Applicable	Not Applicable	Not Applicable
3.	Clean Science and Technology Limited	15,466.22	900.00	July 19, 2021	1,755	Not Applicable	Not Applicable	Not Applicable
4.	India Pesticides Limited	8,000.00	296.00	July 2021	5, 350.00	12.64% [1.87%]	Not Applicable	Not Applicable
5.	Shyam Metalics and Energy Limited ⁷	9,085.50	306.00	June 24, 2021	380.00	40.95% [0.42%]	Not Applicable	Not Applicable
6.	Sona BLW Precision Forgings Limited	55,500.00	291.00	June 24, 2021	301.00	45.45% [0.42%]	Not Applicable	Not Applicable
7.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [5.21%]	75.43% [10.89%]	Not Applicable
8.	Anupam Rasayan India Limited ⁸	7,600.00	555.00	March 24, 2021	520.00	-0.11% [-0.98%]	30.49%[8.23%]	Not Applicable
9.	Easy Trip Planners Limited	5,100.00	187.00	March 19, 2021	212.25	-7.27% [-0.86%]	124.68%[6.94%]	Not Applicable
10.	MTAR Technologies Limited	5,964.14	575.00	March 15, 2021	1050.00	69.45% [-2.84%]	78.83% [5.83%]	Not Applicable

Source: www.nseindia.com

Notes:

1. Opening price information as disclosed on the website of NSE.
2. Change in closing price over the issue/offer price as disclosed on NSE.
3. Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.
4. In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
5. 30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days.
6. Restricted to last 10 issues.
7. A discount of 4.90 % on the Offer Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion ("Employee Discount") equivalent to ₹ 15 per Equity Share.
8. A discount of Rs. 55 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
9. Not Applicable – Period not completed

2. Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by JM Financial Limited

Finan cial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021- 2022	7	1,25,361.72	-	-	-	-	3	1	-	-	-	-	-	-
2020- 2021	8	62,102.09	-	-	3	2	1	2	-	-	-	3	1	1
2019- 2020	4	36,400.83 **	-	-	1	-	1	2	-	1	1	-	1	1

**Spandana Sphoorty Financial Limited raised Rs. 11,898.49 million as against the issue size of Rs. 12,009.36 million
The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

SBI Capital Markets Limited

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by SBI Capital Markets Limited

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, +/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, +/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, +/- % change in closing benchmark]- 180 th calendar days from listing
1.	Glenmark Life Sciences Limited	15,136.00	720.00	August 06, 2021	750.00	NA	NA	NA
2.	G R Infraprojects Limited ⁽¹⁾	9,623.34	837.00	July 19, 2021	1715.85	NA	NA	NA
3.	Shyam Metals and Energy Limited ⁽²⁾	9,085.50	306.00	June 24, 2021	380.00	40.95% [+0.42%]	NA	NA
4.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [+5.21%]	75.43% [+10.89%]	NA
5.	Barbeque-Nation Hospitality Limited	4,528.74	500.00	April 07, 2021	489.85	18.77% [-0.64%]	76.97% [+6.85%]	NA
6.	Suryoday Small Finance Bank Ltd ⁽³⁾	5,808.39	305.00	March 26, 2021	292.00	-18.38% [-1.14%]	-27.48% [+8.84%]	NA
7.	Kalyan Jewellers India Ltd ⁽⁴⁾	11,748.16	87.00	March 26, 2021	73.95	-24.60% [-1.14%]	-8.33% [+8.84%]	NA
8.	Railtel Corporation of India Limited	8,192.42	94.00	February 26, 2021	109.00	35.64% [-0.15%]	37.50% [+5.32%]	NA
9.	Indian Railway Finance Corporation Ltd	46,333.79	26.00	January 29, 2021	24.90	-5.19% [+6.56%]	-18.65% [+9.02%]	11.15%(+15.49%)
10.	Mrs. Bectors Food Specialities Limited ⁽⁵⁾	5,405.40	288.00	December 24, 2020	500.00	37.69% [+4.53%]	19.93% [+7.75%]	40.59% [+14.53%]

Source: www.nseindia.com

Notes:

- The NIFTY 50 is considered as the Benchmark Index.
- In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered for the computation. We have taken the issue price to calculate the percentage change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the percentage change in closing price of the benchmark as on 30th, 90th and 180th day.
- Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

- Price for eligible employee was Rs 795.00 per equity share;
- Price for eligible employee was Rs. 291.00 per equity share;
- Price for eligible employee was Rs. 275.00 per equity share;
- Price for eligible employee was Rs. 79.00 per equity share;
- Price for eligible employee was Rs. 273.00 per equity share

2. Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by SBI Capital Markets Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-2022*	5	63,373.58	-	-	-	-	2	1	-	-	-	-	-	-
2020-2021*	7	1,05,087.00	-	-	5	-	2	-	-	1	3	-	-	-

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-2020	3	138,283.86	-	1	1	1	-	-	1	-	-	1	-	1

*The information is as on the date of this Offer Document.

*Date of Listing for the issue is used to determine which financial year that particular issue falls into

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a minimum period of eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

All grievances, other than of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, giving full details such as name of the sole or First Bidder, ASBA Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of ASBA Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum of the application amount in the events of delayed or withdrawal of applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount and delayed unblocking of amounts for non-allotted/partially-allotted applications for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the Book Running Lead Managers shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount.

Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be 4 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Sachin Patil, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems, at the address set forth hereunder.

Sachin Patil

Level-11, UB Towers,
UB City No. 24, Vittal Mallya Road,
Bangalore-560 001
Tel: +91 080 45855561
E-mail: cs.ppl@adventz.com

Our Company has obtained authentication on the SCORES and complies with the SEBI circulars (CIR/OIAE/1/2013) dated April 17, 2013 and (CIR/OIAE/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Further, our Board has constituted a Stakeholders' Relationship Committee, which is responsible for redressal of grievances of the shareholders and investors of our Company. For more information, see "***Our Management***" on page 207.

Our Company has not received any investor grievances during the three years preceding the date of this Draft Red Herring Prospectus and as on date, there are no investor complaints pending.

Except for Mangalore Chemicals and Fertilizers Limited, Zuari Global Limited and Texmaco Rail and Engineering Limited, none of our Group Companies are listed on any stock exchange.

SECTION VII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares offered and Allotted in the Offer will be subject to the provisions of the Companies Act 2013, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue and offer for sale and listing and trading of securities, issued from time to time, by SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Ranking of Equity Shares

The Equity Shares being offered and Allotted in the Offer will be subject to the provisions of the Companies Act 2013, the Memorandum of Association and the Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares, including in respect of dividends and other corporate benefits, if any, declared by our Company. For more information, see “**Main Provisions of the Articles of Association**” on page 454.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to the Shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment in this Offer will be received by the Allottees in accordance with applicable law. For more information, see “**Dividend Policy**” and “**Main Provisions of the Articles of Association**” on pages 240 and 454, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 10. At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●]. The Anchor Investor Offer Price is ₹[●] per Equity Share and the Offer Price is ₹ [●] per Equity Share.

The Price Band will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and (ii) the minimum Bid Lot will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and shall be published at least two Working Days prior to the Bid/Offer Opening Date, in [●] editions of [●] (a widely circulated English national daily newspaper) [●] editions of [●] (a widely circulated Hindi national daily newspaper), and [●] editions of [●] (a widely circulated Odia daily newspaper, Odia being the regional language of Odisha, where our Registered Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid cum Application Forms available at the website of the Stock Exchanges. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholders

Subject to applicable law and our Articles of Association, the equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;

- Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act 2013, the SEBI Listing Regulations and our Memorandum of Association and Articles of Association and other applicable laws.

For a detailed description of the main provisions of Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see “**Main Provisions of the Articles of Association**” on page 454.

Allotment only in dematerialized form

In terms of Section 29 of the Companies Act 2013, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been entered into amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated August 5, 2021 amongst our Company, NSDL and the Registrar to the Offer;
- Tripartite agreement dated August 6, 2021 amongst our Company, CDSL and the Registrar to the Offer

Market Lot and Trading Lot

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see “**Offer Procedure**” on page 439.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Nomination Facility

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder’s death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant

of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Bid/ Offer Period

EVENT	INDICATIVE DATE
BID/ OFFER OPENS ON⁽¹⁾	[●]
BID/ OFFER CLOSES ON⁽²⁾	[●]
FINALIZATION OF BASIS OF ALLOTMENT	[●]
INITIATION OF REFUNDS (IF ANY, FOR ANCHOR INVESTORS)/UNBLOCKING OF FUNDS FROM ASBA ACCOUNT⁽³⁾	[●]
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	[●]
COMMENCEMENT OF TRADING	[●]

⁽¹⁾ Our Company in consultation with the BRLMs may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations.

⁽²⁾ Our Company and the Selling Shareholders in consultation with the BRLMs, may decide to close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

⁽³⁾ In case of; (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked; (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.

The aforesaid timetable, is indicative in nature and does not constitute any obligation or liability on our Company or the members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI, the timetable may be subject to change for various reasons, including extension of Bid/ Offer Period by our Company, due to revision of the Price Band, any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the abovementioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/ Offer Period at the Bidding Centers, except that on the Bid/Offer Closing Date (which for QIBs may be a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges (Indian Standard Time) in case of Bids by Retail Individual Investors. On the Bid/ Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the Registrar to the Offer on a daily basis. To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per Bid/ batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, and the Sponsor Bank would be rejected.

Due to limitation of time available for uploading Bids on the Bid/ Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that if a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs would be rejected.

Our Company and the members of Syndicate will not be responsible for any failure in (i) uploading Bids due to faults in any hardware/software system or otherwise; (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism. Bids will be accepted only on Working Days. Investors may please note that as per letters dated July 3, 2006 and July 6, 2006, issued by the BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Company and the Selling Shareholders in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/ Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/ Offer Period will be extended for at least three additional Working Days after such revision subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a press release and by indicating the change on the websites of the BRLMs and terminals of the Syndicate Members and will also intimated to SCSBs, the Registered Brokers, RTAs and CDPs. However, in case of revision in the Price Band, the Bid Lot shall remain the same.

In case of discrepancy in data entered in the electronic book *vis-à-vis* data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

On the date of closure of the Offer, if our Company does not receive the minimum subscription as specified under Rule 19(2) of SCRR or the minimum subscription of 90% of the Fresh Issue, on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. The requirement for minimum subscription is not applicable to the Offer for Sale. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and every Director of our Company who are officers in default, shall pay interest at the rate of 15% per annum. Subject to applicable law, a Selling Shareholders shall not be responsible to pay interest for any delay, unless such delay has been caused solely by such Selling Shareholders.

In the event of under subscription in the Offer, the Equity Shares will be Allotted in the following order

- (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed;
- (ii) upon (i), all the Equity Shares held by the GoI Selling Shareholder offered for sale in the Offer for Sale will be Allotted;
- (iii) upon (ii), all the Equity Shares held by the Promoter Selling Shareholders offered for sale in the Offer for Sale will be Allotted; and
- (iv) once Equity Shares have been Allotted as per (i), (ii) and (iii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion.

While the GoI is one of the Promoters of our Company and will continue to be so until completion of the Offer; please note that the GoI is proposing to sell its entire shareholding in the Company through the Offer for Sale and it has represented that it will cease to be a Promoter of the Company on the listing of the Equity Shares pursuant to the Offer. The Company will take suitable steps to declassify the GoI as a Promoter in accordance with the SEBI Listing Regulations post listing of the Equity Shares pursuant to the Offer.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangement for Disposal of Odd Lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on Transfer of Shares and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, the minimum Promoter's Contribution and the Anchor Investor lock-in in the Offer as detailed in "**Capital Structure**" on page 67, and except as provided in the Articles of Association as detailed in "**Main Provisions of the Articles of Association**" on page 454, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting.

OFFER STRUCTURE

The Offer of up to [●] Equity Shares for cash at price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 12,550.00 million by our Company and an Offer of Sale of up to 120,035,800 Equity Shares aggregating to ₹ [●] million by the Selling Shareholders. The Offer shall constitute [●] % of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through Book Building Process.

	QIBs*	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation**	Not more than [●] Equity Shares	Not less than [●] Equity Shares or Offer less allocation to QIBs and Retail Individual Investors	Not less than [●] Equity Shares or Offer less allocation to QIBs and Non-Institutional Investors
Percentage of Offer size available for allocation	Not more than 50% of the Offer size shall be available for allocation to QIBs. 5% of the QIB Portion(excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not less than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Investors	Not less than 35% of the Offer or the Offer less allocation to QIBs and Non-Institutional Investors
Basis of Allotment if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to 60% of the QIB Portion may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only	Proportionate	Allotment to each Retail Individual Investor shall not be less than the minimum bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares shall be allocated on a proportionate basis.
Mode of Bidding	Through ASBA process only (other than Anchor Investors)		

	QIBs*	Non-Institutional Investors	Retail Individual Investors
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer size, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer size (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Portion
Trading Lot	One Equity Share		
Who can Apply***	Public financial institutions specified in Section 2(72) of the Companies Act 2013, FPIs registered with SEBI (other than individuals, corporate bodies and family offices), scheduled commercial banks, mutual funds registered with the SEBI, venture capital funds registered with SEBI, FVCIs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development corporations, NBFC-SI, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts and any individuals, corporate bodies and family offices which are re-categorised as category II FPI and registered with SEBI	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs

	QIBs*	Non-Institutional Investors	Retail Individual Investors
Terms of Payment	In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids**** In case of all other Bidders: Full Bid Amount shall be blocked by the SCSBs in the bank account of the Bidders, or by the Sponsor Bank through the UPI Mechanism (other than Anchor Investors) that is specified in the Bid cum Application Form at the time of the submission of the Bid cum Application Form		

* Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the price at which allocation is made to Anchor Investors, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors, which price shall be determined by the Company in consultation with the BRLMs.

**This Offer is being made in accordance with Rule 19(2)(b) of the SCRR, through the Book Building Process wherein not more than 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, at least 35% of the Offer will be Allotted to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Portion, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws.

***If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.

****Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Form, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Withdrawal of the Offer

The Offer shall be withdrawn, (i) in the event that 90% of the Fresh Issue portion of the Offer is not subscribed; and (ii) all the Equity Shares held by the GoI Selling Shareholder offered for sale in the Offer for Sale are not subscribed. Our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to not proceed with the Offer at any time after the Bid/ Offer Opening Date but before Allotment. If our Company withdraws the Offer, our Company will issue a public notice within two days from the Bid/ Offer Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs or the Sponsor Bank, as the case may be, to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If the Company and the Selling Shareholders in consultation with the BRLMs withdraws the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, a fresh draft red herring prospectus will be filed and/or submitted with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid/ Offer Closing Date or such other time period as prescribed under Applicable Law.

OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the Circulars on Streamlining of Public Issues (the “**General Information Document**”), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note (“**CAN**”) and Allotment in the Offer; (vi); (vii) general instructions (limited to instructions for completing the Bid cum Application Form); (viii) designated date; (ix) disposal of applications; (x) submission of Bid cum Application Form; (xi) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xii) applicable provisions of Companies Act 2013 relating to punishment for fictitious applications; (xiii) mode of making refunds; and (xiv) interest in case of delay in Allotment or refund.

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 (“**UPI Circular**”) has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism with the ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (“**UPI Phase I**”), until June 30, 2019. Subsequently, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism with existing timeline of T+6 days is applicable for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”) with effect from July 1, 2019, by SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, read with circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019. Further, as per the SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the UPI Phase II had been extended until March 31, 2020. However, due to the outbreak of COVID-2019 pandemic, UPI Phase II has been further extended by SEBI until further notice, by its circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020. Thereafter, the final reduced timeline of T+3 days may be made effective using the UPI Mechanism for applications by Retail Individual Investors (“**UPI Phase III**”), as may be prescribed by SEBI. Accordingly, the Offer will be made under UPI Phase II, unless UPI Phase III becomes effective and applicable on or prior to the Bid / Offer Opening Date. If the Offer is made under UPI Phase III, the same will be advertised in [●] editions of the English national daily newspaper, [●], [●] editions of the Hindi national daily newspaper, [●], and [●] editions of the Odia daily newspaper, [●] (Odia being the regional language of Odisha, where our Registered Office is located) on or prior to the Bid / Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites. Further, SEBI vide its circular (SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M) dated March 16, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021 and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus. Additionally, SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 has provided certain implementation timelines for the provisions of the circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 (“**UPI Streamlining Circular**”).

Pursuant to the UPI Streamlining Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being

penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. The Company will be required to appoint one of the SCSBs as a Sponsor Bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the RIBs using the UPI.

Our Company, the Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Company, the Selling Shareholders and the members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

Book Building Procedure

The Offer is being made through the Book Building Process in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be Allotted to QIBs on a proportionate basis, provided that our Company in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the price at which allocation is made to Anchor Investors. In case of under-subscription or non-allocation in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Portion (other than Anchor Investor Portion). Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, and UPI ID (for Retail Individual Investors Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centers and at our Registered Office. The Bid cum Application Forms will also be available for download on the websites of NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLMs.

Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors and Retail Individual Investors Bidding using the UPI Mechanism) must provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Form that does not contain such detail are liable to be rejected.

Retail Individual Investors Bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the ASBA Form. ASBA Forms that do not contain the UPI ID are liable to be rejected. Retail Individual Investors Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Further, Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid cum Application Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. Bidders, using the ASBA process to participate in the Offer, must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein.

The prescribed colours of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form ⁽¹⁾
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis ⁽²⁾	White
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions ⁽²⁾	Blue
Anchor Investors ⁽³⁾	White

⁽¹⁾ Excluding electronic Bid cum Application Forms

⁽²⁾ Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and the BSE (www.bseindia.com).

⁽³⁾ Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in 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 state securities laws. Accordingly, such Equity Shares are only being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) in the United States to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act), pursuant to Section 4(a) of the U.S. Securities Act.

The Equity Shares 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.

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms (except ASBA Forms submitted by Retail Individual Investors Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. For Retail Individual Investors using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such Retail Individual Investors for blocking of funds. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from an RII who is not Bidding using the UPI Mechanism.

Electronic registration of Bids

- The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.
- On the Bid/ Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

- c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/ Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing

Participation by associates and affiliates of the BRLMs and the Syndicate Members and the persons related to BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their respective underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, no BRLM or its respective associates can apply in the Offer under the Anchor Investor Portion. For details, see “- **Bids by Anchor Investors**” on page 445.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of ASBA Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs applying on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) accounts, and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid amount, at the time of submission of the ASBA Form.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Participation of Eligible NRI(s) in the Offer shall be subjected to the FEMA Rules.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

For details of restrictions on investment by NRIs, see “**Restrictions on Foreign Ownership of Indian Securities**” on page 453.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by FPIs

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (“**SEBI FPI Regulations**”), investment in the Equity Shares by a single FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% or common control) shall be below 10% of our post-Offer equity share capital.

Further, in terms of the FEMA Rules, the total holding by each FPI or an investor group, cannot exceed 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the capital of an Indian company is subject to certain limits, i.e. the individual holding of an FPI (including its investor group) is restricted to below 10% of the total paid-up equity capital of the company on a fully diluted basis. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (i.e. 100% in our case). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for offer procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

- (a) such offshore derivative instruments are issued only by persons registered as category I FPIs;
- (b) such offshore derivative instruments are issued only to persons eligible for registration as category I FPIs;
- (c) such offshore derivative instruments are issued after compliance with the ‘know your client’ norms as specified by SEBI; and
- (d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that any transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)) and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

Further, Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI FPI Regulations (such structure “**MIM Structure**”) provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended (the “**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, the venture capital funds which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended prescribe the investment restrictions on FVCIs.

The category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations) and under Schedule I of the FEMA Rules.

Our Company and the Book running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the “**Banking Regulation Act**”), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company or 10% of the bank’s own paid-up share capital and reserves, whichever is lower. Further, the aggregate equity investments in subsidiaries and other entities engaged in financial and non-financial services, including overseas investments, cannot exceed 20% of the bank’s paid-up share capital and reserves. However, a banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt, or to protect the bank’s interest on loans/investments made to a company. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee

company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing numbers CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDA Investment Regulations**"), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs (other than individuals, corporate bodies and family offices), AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the Selling Shareholders in consultation with the BRLMs, may deem fit.

Bids by Anchor Investors

Except for Mutual Funds, AIFs or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, no BRLM or its respective associates can apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserve the right to reject any Bid, without assigning any reason therefor.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, when filed. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulations and as specified in the Red Herring Prospectus, when filed. In accordance with RBI regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of [●] (a widely circulated English national daily newspaper) [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Odia daily newspaper, Odia being the regional language in Odisha where our Registered Office is located). Our Company shall, in the pre-Offer advertisement state the Bid/ Offer Opening Date, the Bid/ Offer Closing Date and the QIB Bid/ Offer Closing Date, if any. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Allotment Advertisement

Our Company, the BRLMs and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of English national daily newspaper, [●], all editions of Hindi national daily newspaper, [●] editions of the Odia daily newspaper [●] (Odia being the regional language of Odisha, where our Registered Office is located).

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company intends to enter into an underwriting agreement with the Underwriters on or immediately after the determination of the Offer Price. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only ;
2. Ensure that you have Bid within the Price Band;
3. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than Retail Individual Investors Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. Further, Retail Individual Investors using the UPI Mechanism must also mention their UPI ID and shall use only his/her own bank account which is linked to his/her UPI ID;

4. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;
5. Retail Individual Investors Bidding using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. Retail Individual Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;
6. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
7. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;
8. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Investors using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
9. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;
10. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be). Bidders (except Retail Individual Investors Bidding using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form. Retail Individual Investors Bidding using the UPI Mechanism should ensure that they have mentioned the correct UPI-linked bank account number and their correct UPI ID in the Bid cum Application Form;
11. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
12. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
13. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;
14. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
15. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming

the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

17. Ensure that the Demographic Details are updated, true and correct in all respects;
18. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
19. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
20. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;
21. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
22. Bidders (except Retail Individual Investors Bidding using the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA Account under the ASBA process. Retail Individual Investors Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment, in a timely manner;
23. Note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilize the MIM Structure and such Bids such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;
24. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and Retail Individual Investors) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
25. Ensure that you have correctly signed the authorization /undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
26. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, the Retail Individual Investor may be deemed to have verified the attachment containing the application details of the Retail Individual Investor Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to issue a request to block the Bid Amount mentioned in the ASBA Form in his/her ASBA Account;
27. Retail Individual Investors Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the ASBA Form;
28. Retail Individual Investors Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in his/her account and subsequent debit of funds in case of allotment in a timely manner;

29. Bids by Eligible NRIs, HUFs and FPIs other than individuals, corporate bodies and family offices, for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer;
30. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs; and
31. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form, as the case may be after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Anchor Investors should not Bid through the ASBA process;
7. If you are an RII and are using the UPI Mechanism, do not submit more than one Form from each UPI ID.
8. Do not submit the Bid cum Application Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;
9. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
10. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;
12. Do not submit your Bid after 3.00 pm on the Bid/ Offer Closing Date;
13. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Offer Closing Date;
14. Do not Bid for Equity Shares in excess in excess of what is specified for each category;
15. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Investors);
16. Do not submit the General Index Register (GIR) number instead of the PAN;
17. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

18. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Investors Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;
19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
20. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
21. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by Retail Individual Investors using the UPI Mechanism;
22. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
23. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
24. Do not submit more than one Bid cum Application Form per ASBA Account;
25. Do not submit a Bid using UPI ID, if you are not a Retail Individual Investor;
26. Do not submit an ASBA Form with third party linked UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Investors using the UPI Mechanism); and
27. Do not submit ASBA Forms to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre- Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see “**General Information**” on page 59.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the Offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the net Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account

Our Company in consultation with the BRLMs in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

- (i) In case of resident Anchor Investors: “[●]”
- (ii) In case of non-resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from Anchor Investors.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among the Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated August 5, 2021 among NSDL, the Company and Registrar to the Offer.
- Agreement dated August 6, 2021 among CDSL, the Company and Registrar to the Offer.

Undertakings by our Company

Our Company undertakes the following:

- (i) That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- (ii) If Allotment is not made within the prescribed time under applicable law, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Bid/ Offer Closing Date or such other time as may be specified by SEBI, failing which our Company shall pay interest prescribed under the Companies Act 2013 and the SEBI ICDR Regulations for the delayed period;
- (iii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/ Offer Closing Date or such other timeline as may be prescribed by SEBI;
- (iv) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company;
- (v) Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time period prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (vi) That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;
- (vii) That if our Company does not proceed with the Offer after the Bid/ Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

- (viii) That if our Company withdraws the Offer after the Bid/ Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company subsequently decides to proceed with the Offer;
- (ix) That the Allotment Advice/refund confirmation to Eligible NRIs shall be dispatched within specified time;
- (x) That adequate arrangements shall be made to collect all Bid cum Application Forms; and
- (xi) That our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Undertakings by the Selling Shareholders

Each Selling Shareholder undertakes, severally and not jointly, in relation to itself and its respective Offered Shares that:

- (i) its respective portion of the Offered Shares have been held by it for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI, such period determined in accordance with Regulation 8 of the SEBI ICDR Regulations;
- (ii) it is the legal and beneficial owner of the Offered Shares, and that such Offered Shares shall be transferred in the Offer, free from any encumbrances;
- (iii) there is no agreement or commitment outstanding which calls for the transfer of, or accords to any person the right to call for the transfer of its respective portion of the Offered Shares;
- (iv) it shall deposit the Equity Shares offered by it in the Offer in an escrow account opened with the Registrar to the Offer prior to the filing of the Red Herring Prospectus with the RoC;
- (v) it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making a Bid in the Offer, and shall not make any payment, whether direct or indirect, whether in the nature of discounts, allowance or otherwise, to any person, except fees and commissions for services rendered under and in terms of the Other Agreements in relation to the Offer;
- (vi) it shall not access the funds raised in the Offer until the receipt of final listing and trading approvals from the Stock Exchanges..

Only the statements and undertakings in relation to the Selling Shareholder which are specifically “confirmed” or “undertaken” severally and not jointly, by each Selling Shareholder in this Draft Red Herring Prospectus, shall be deemed to be “statements and undertakings specifically confirmed or undertaken” by such Selling Shareholder. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by or in relation to our Company even if the same relate to the Selling Shareholders.

Utilisation of Offer Proceeds

Our Board certifies that:

- (i) all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act 2013;
- (ii) details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (iii) details of all unutilised monies out of the Offer, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested. The Company, severally and not jointly, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-Section 3 of Section 40 of the Companies Act 2013.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Government has from time to time made policy pronouncements on foreign direct investment (“**FDI**”) through press notes and press releases.

The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, earlier known as Department of Industrial Policy and Promotion (“**DPIIT**”) issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”) by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force. Up to 100% foreign investment under the automatic route is currently permitted in the sector of “manufacturing”, which includes manufacturing of phosphatic fertilisers and intermediary products.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT 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 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 (“**Restricted Investors**”), will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

As per the existing policy of the Government, OCBs cannot participate in this Offer.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in 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 state securities laws. Accordingly, such Equity Shares are only being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) in the United States to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act), pursuant to Section 4(a) of the U.S. Securities Act.

The Equity Shares 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.

For further details, see “*Offer Procedure*” on page 439.

The above information is given for the benefit of the Bidders. Our Company and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

The Articles of Association of the Company comprise two parts, Part A and Part B. Upon the commencement of listing of the Equity Shares of the Company on any recognised stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company, Part B shall automatically stand deleted, not have any force and be deemed to be removed from the Articles of Association and the provisions of the Part A shall automatically come in effect and be in force, without any further corporate or other action by the Company or its shareholders.

PART A OF THE ARTICLES OF ASSOCIATION

Applicability of Table F

Article I provides that the regulations contained in Table ‘F’ of Schedule I of Companies Act, 2013 shall apply to the Company only so far as they are not inconsistent with any of the provisions contained in these Articles or modification thereof or are not expressly or by implication excluded from these Articles.

Definitions and Interpretation

“Shares” or “Equity Shares” means a share in the Equity Share Capital of the Company. Notwithstanding anything contained elsewhere in the Articles, for purposes of Article 113(a), “3,100,000 Equity Shares” shall mean 3,100,000 equity shares of the Company of face value ₹10 each.

“Share Capital” or “Equity Share Capital” means in relation to the Company, its equity share capital within the meaning of Section 43 of the Act, as amended from time to time, together with all rights, obligations, title, interest and claim in such equity shares and includes all subsequent issue of such equity shares of whatever face value or description, bonus shares, conversion shares and shares issued pursuant to a stock split or the exercise of any warrant, option or other convertible security of the Company.

Share capital and variation of rights

Article 3 provides that “The authorized Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company. Subject to the provisions of the Act and these Articles, the Shares for the time being shall be under the control of the Board, which may issue, allot or otherwise dispose of the Shares or any of them to such persons, in such proportion, on such terms and conditions, either at a premium or at par or at a discount (subject to compliance with the provisions of the Act), at such time as it may from time to time deem fit, and with the sanction of the Company in a General Meeting, to give to any person or persons the option or right to call for any Shares, either at par or premium during such time and for such consideration as the Board deems fit, and may issue and allot Shares on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business. Any Shares so allotted may be issued as fully paid-up Shares and if so issued, shall be deemed to be fully paid-up Shares. Notwithstanding the foregoing, the option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in a General Meeting.”

Article 4 provides that “Subject to these Articles and the provisions of the Act, the Company may, from time to time, increase the Share Capital by such sum, to be divided into Shares of such amount, as may be specified in the resolution.”

Article 5 provides that “Subject to the provisions of the Act, the Company may from time to time, undertake any of the following:

- (i) increase, reduce or otherwise alter its authorised share capital in such manner as it thinks expedient;

- (ii) consolidate and divide all or any of its Share Capital into Shares of larger amount or smaller amount, than its existing Shares;
- (iii) convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;
- (iv) sub-divide its Shares, or any of them, into Shares of smaller amount, such that the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; or
- (v) cancel any Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any Person, and diminish the amount of its Share Capital by the amount of Shares so cancelled. A cancellation of Shares pursuant to this Article shall not be deemed to be a reduction of the Share Capital within the meaning of the Act.”

Article 6 provides that “Subject to the provisions of these Articles, the Act, other applicable Law and subject to such other approvals, permissions or sanctions as may be necessary, the Company may issue any Shares with or without differential rights upon such terms and conditions and with such rights and privileges (including with regard to voting rights and dividend) as may be permitted by the Act or the applicable Law or guidelines issued by the statutory authorities and/or listing requirements and that the provisions of these Articles.”

Article 7 provides that “Subject to the provisions of the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before the issue of the preference shares may, in accordance with the provisions of the Act.”

Article 8 provides that “Period of redemption of such preference shares shall not exceed the maximum period for redemption provided under the Act.”

Article 9 provides that “Subject to Law, where at any time, it is proposed to increase its subscribed capital by the issue/allotment of further Shares either out of the unissued capital or increased Share Capital then, such further Shares may be offered to:

- (i) Persons who, at the date of offer, are holders of Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares by sending a letter of offer subject to the following conditions: (a) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than 15 (fifteen) days or such lesser number of days as may be prescribed under the Act and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue; (b) the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other Person and the notice referred to in (i) shall contain a statement of this right, provided that the Board may decline, without assigning any reason therefore, to allot any Shares to any Person in whose favor any Member may renounce the Shares offered to him; and (c) after expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Members and the Company;

Nothing in sub-Article (i) (b) above shall be deemed to extend the time within which the offer should be accepted; or to authorize any Person to exercise the right of renunciation for a second time on the ground that the Person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

- (ii) employees under a scheme of employees’ stock option, subject to special resolution passed by the Company and subject to such conditions as may be prescribed under the Act and other applicable Laws; or
- (iii) any Persons, whether or not those Persons include the Persons referred to in (i) or (ii) above, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer, subject to compliance with the applicable provisions of Chapter III of the Act and any other conditions as may be prescribed under the Act, if a special resolution to this effect is passed by the Company in a General Meeting. Where no such special resolution is passed, if the votes cast (whether on a

show of hands or on a poll as the case may be) in favour of the proposal contained in the Resolution moved in that General Meeting by Members who, being entitled so to do to, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.”

Article 10 provides that “Nothing in Article 9 above shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into Shares in the Company or to subscribe for Shares in the Company. Provided that the terms of the issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (i) has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with the Rules, if any made by that Government in this behalf;
- (ii) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in General Meeting before the issue of debentures or raising of the loans
- (iii) Notwithstanding anything contained in clause (ii), where any debentures have been issued, or loan has been obtained from the Government by the Company, and if the Government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion. Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to the National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

Article 11 provides that “Save as otherwise provided in the Articles, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by Law required, be bound to recognize any equitable or other claim to or interest in such Shares on the part of any other Person.”

Article 12 provides that “Except as required by Law, no Person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these Articles or by Law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.”

Article 13 provides that “If at any time the Share Capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate general meeting of the holders of the Shares of that class, the provisions of these Articles relating to General Meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.”

Article 14 provides that “Rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.”

Article 15 provides that “Subject to the provisions of the Act, the Company may issue bonus Shares to its Members out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account, in any manner as the Board may deem fit.”

Article 16 provides that “Subject to the provisions of Sections 68 to 70 and other applicable provisions of the Act or any other Law for the time being in force, the Company shall have the power to buy-back its own Shares or other securities, as it may consider necessary.”

Article 17 provides that “Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with creditors and Members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other applicable Laws.”

Article 18 provides “Subject to the provisions of the Act, the Company may, from time to time, by special resolution reduce in any manner and with, and subject to, any incident authorised and consent required under applicable Law:

- (i) the Share Capital;
- (ii) any capital redemption reserve account; or
- (iii) any securities premium account.”

Lien

Article 27 provides that “Company shall have a first and paramount lien upon all the Shares/ debentures (other than fully paid up Shares/debentures) registered in the name of each Member (whether solely or jointly with others), and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/debentures. Fully paid up Shares shall be free from all liens. Unless otherwise agreed, the registration of a transfer of Shares/debentures shall operate as a waiver of the Company’s lien if any, on such Shares/debentures. The Board may at any time declare any Shares/debentures wholly or in part to be exempt from the provisions of this Article.”

Article 28 provides that “Subject to the provisions of the Act, the Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien.”

Article 29 provides that “A Member shall not exercise any voting rights in respect of the Shares in regard to which the Company has exercised the right of lien.”

Article 30 provides that “The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

- a) unless a sum in respect of which the lien exists is presently payable; or
- b) until the expiration of 14 (fourteen) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.”

Article 31 provides that “To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.”

Article 32 provides that “ The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.”

Calls on shares

Article 33 provides that “Subject to the provisions of the Act, the Board may, from time to time, make calls upon the Members in respect of any money unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.”

Article 34 provides that “Each Member shall, subject to receiving at least 14 (fourteen) days’ notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.”

Article 35 provides that “A call may be revoked or postponed at the discretion of the Board.”

Article 36 provides that “Call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.”

Article 37 provides that “Joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.”

Article 38 provides that “If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereof from the day appointed for payment thereof to the time of actual payment at 10% (ten per cent) per annum or at such lower rate, if any, as the Board may determine. The Board shall be at liberty to waive payment of any such interest wholly or in part.”

Article 39 provides that “Any sum which by the terms of the issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue, such sum becomes payable. In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.”

Article 40 provides that “The Board may, if it thinks fit, subject to the provisions of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate as determined by the Board and the Member paying such sum in advance agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.

The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to any calls on debentures of the Company.”

Transfer of shares

Article 50 provides that “Securities or other interest of any Member shall be freely transferable, provided that any contract or arrangement between 2 (two) or more Persons in respect of transfer of securities shall be enforceable as a contract. The instrument of transfer of any Share of the Company shall be duly executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the register of Members in respect thereof. A common form of transfer shall be used in case of transfer of Shares. The instrument of transfer shall be in writing and all the provisions of Section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of Shares and the registration thereof.”

Article 51 provides that “Subject to the provisions of the Act, these Articles, any listing agreement entered into with any recognized stock exchange and any other applicable Law for the time being in force, the Board may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of Shares, whether fully paid or not, or any interest of a Member. The Board shall within 1 (one) month from the date on which the instrument of transfer or the intimation of such transmission was lodged with the Company, send to the transferee and transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal to register such transfer. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on the Shares or other Securities, provided however, that the Board may decline to register or acknowledge any transfer, whether fully paid-up or not, if the transfer results in, or is perceived to or may result in, a contravention or violation of any foreign investment limit or restriction under applicable Law as applicable to the Company, and further, that the decision of the Board or any persons designated by the Board with respect to whether the transfer results in, or is perceived to or may result in, a contravention or violation of any foreign investment limit or restriction under Applicable Law as applicable to the Company shall be final and binding in all respects. Transfer of Shares/debentures in whatever lot shall not be refused.”

Article 52 provides that “Save as otherwise provided in the Act or any applicable Law, no transfer of a Share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or certificates of Shares, and if no such certificate is in existence, then the letter of allotment of the Shares or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer. Application for the registration of the transfer of a Share may be made either by the transferor or by the transferee provided that where such application is made by the transferor, no registration shall, in the case of a partly paid Share be affected unless the Company gives notice of the application to the transferee in the manner prescribed under the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee, within 2 (two) weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee. On giving not less than 7 (seven) days previous notice in accordance with the Act or any other time period as may be specified by Law, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine, provided that such registration shall not be suspended for more than 30 (thirty) days at any one time or for more than 45 (forty five) days in the aggregate in any year.”

Article 53 provides that “No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other documents.”

Transmission of shares

Article 54 provides that “On the death of a Member, the survivor or survivors where the Member was a joint holder of the Shares, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only Person(s) recognised by the Company as having any title to his interest in the Shares. Nothing in these Articles shall release the estate of the deceased joint holder from any liability in respect of any Share which had been jointly held by him with other Persons.”

Article 55 provides that “Any Person becoming entitled to a Share in consequence of the death or insolvency of a Member may, upon such evidence being produced as the Board may from time to time require, and subject as hereinafter provided, elect, either:

- (i) to be registered as holder of the Share; or
- (ii) to make such transfer of the Share as the deceased or insolvent Member could have made.”

Article 56 provides that “The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the Share before his death or insolvency.”

Article 57 provides that “If the Person so becoming entitled shall elect to be registered as holder of the Shares, such person shall deliver or send to the Company a notice in writing signed by him stating that he so elects.”

Article 58 provides that “If the Person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer in accordance with the provisions of these Articles relating to transfer of Shares.”

Article 59 provides that “All the limitations, restrictions and provisions contained in these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.”

Article 60 provides that “A Person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to the General Meetings of the Company, *provided that* the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within 90 (ninety) days,

the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.”

Shareholders’ meetings

Article 79 provides that “An annual General Meeting shall be held each year within the period specified by the Law. Not more than 15 (fifteen) months shall elapse between the date of one annual General Meeting of the Company and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96 of the Act to extend the time within which any annual General Meeting may be held. Every annual General Meeting shall be called during business hours on a day that is not a national holiday, and shall be held either at the registered office or at some other place within the city in which the registered office of the Company is situate, as the Board may determine.”

Article 80 provides that “All General Meetings other than the annual General Meeting shall be called extraordinary General Meetings.”

Article 81 provides that

- (i) “The Board may, whenever it thinks fit, call an extraordinary General Meeting.
- (ii) The Board shall on the requisition of such number of Member or Members of the Company as is specified in Section 100 of the Act, forthwith proceed to call an extra-ordinary General Meeting of the Company and in respect of any such requisition and for any meeting to be called pursuant thereto, all other provisions of Section 100 of the Act shall for the time being apply.
- (iii) A General Meeting of the Company may be convened by giving not less than clear 21 (twenty-one) days’ notice either in writing or through electronic mode in such manner as prescribed under the Act, *provided that* a General Meeting may be called after giving a shorter notice as per the Act.
- (iv) Notice of every General Meeting shall be given to the Members and to such other Person or Persons as required by and in accordance with Section 101 and 102 of the Act and it shall be served in the manner authorized by Section 20 of the Act.
- (v) If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any 2 (two) Members of the Company may call an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.”

Proceedings at general meetings

Article 82 provides that “No business shall be transacted at any General Meeting, unless a quorum of Members is present at the time when the meeting proceeds to transact business.”

Article 83 provides that “Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act.”

Article 84 provides that “In the event a quorum as required herein is not present within 30 (thirty) minutes of the appointed time, then subject to the provisions of Section 103 of the Act, the General Meeting shall stand adjourned to the same place and time 7 (seven) days later or to such other date and such other time and place as the Board may determine, provided that the agenda for such adjourned General Meeting shall remain the same. The said General Meeting if called by requisitionists under Section 100 of the Act shall stand cancelled.”

Article 85 provides that “In case of an adjourned meeting or of a change of day, time or place of meeting, the Company shall give not less than 3 (three) days’ notice to the Members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the Company is situated.”

Article 86 provides that “The required quorum at any adjourned General Meeting shall be the same as that required at the original General Meeting.”

Article 87 provides that “If at the adjourned meeting too a quorum is not present within 30 (thirty) minutes from the time appointed for holding such meeting, the Members present shall be the quorum and may transact the business for which the meeting was called.”

Article 88 provides that “The Chairman may, with the consent of Members at any meeting at which a quorum is present, and shall, if so directed at the meeting, adjourn the meeting, from time to time and from place to place.”

Article 89 provides that “No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the meeting from which the adjournment took place.”

Article 90 provides that “When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.”

Article 91 provides that “Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.”

Article 92 provides that “Notwithstanding anything contained elsewhere in these Articles, the Company:

- (i) shall, in respect of such items of business as the Central Government may, by notification, declare or which are under any other applicable Law required to be transacted only by means of postal ballot; and
- (ii) may, in respect of any item of business, other than ordinary business and any business in respect of which Directors or auditors have a right to be heard at any meeting, transact by means of postal ballot,

in such manner as may be prescribed, instead of transacting such business at a General Meeting and any resolution approved by the requisite majority of the Members by means of such postal ballot, shall be deemed to have been duly passed at a General Meeting convened in that behalf and shall have effect accordingly.

Provided that any item of business required to be transacted by means of postal ballot under Article 93(i), may be transacted at a General Meeting by Company, in the manner provided in Section 108 of the Act.

Article 93 provides that the directors may attend and speak at General Meetings, whether or not they are shareholders.”

Article 94 provides that “The body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Act.”

Article 95 provides that “The Chairman, if any, of the Board shall preside as Chairman at every General Meeting of the Company.”

Article 96 provides that “If there is no such Chairman or if he is not present within 15 (fifteen minutes) after the time appointed for holding the General Meeting or is unwilling to act as the Chairman of the General Meeting, the Directors present shall elect one of their members to be the Chairman of the General Meeting.”

Article 97 provides that “If at any General Meeting no Director is willing to act as the Chairman or if no Director is present within 15 (fifteen) minutes after the time appointed for holding the General Meeting, the Members present shall choose one of their Members to be the Chairman of the General Meeting.”

Directors

Article 112 provides that “Subject to the provisions of the Act, the number of Directors shall not be less than 3 (three) and more than 15 (fifteen), provided that the Company may appoint more than 15 (fifteen) directors after passing a special resolution. At least one Director shall reside in India for a total period of not less than 182 (one hundred and eighty-two) days in each financial year.”

Article 114 provides that the remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

Article 115 provides that “In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid all travelling, hotel and other expenses properly incurred by them:

- (a) in attending and returning from meetings of the Board or any committee thereof or General Meetings of the Company; or
- (b) in connection with the business of the Company.”

Article 116 provides that “All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.”

Article 117 provides that “Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.”

Article 118 provides that

“(i) Subject to the provisions of Section 161 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles.

(ii) Such person shall hold office only up to the date of the next annual General Meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.

Article 119 provides that the subject to the provisions of the Act, the Board shall have the power to determine the Directors whose period of office is or is not liable to determination by retirement of directors by rotation. Any Director duly appointed by the Company for a fixed term (including the Independent Directors and the Managing Director) shall not be liable to retire by rotation.”

Article 120 provides that “Subject to the provisions of the Act, each Director shall be paid sitting fees for each meeting of the Board or a Committee thereof attended by him, subject to the ceiling prescribed under the Act.”

Article 121 provides that “The Directors shall also be paid travelling and other expenses for attending and returning from meeting of the Board of Directors (including hotel expenses) and any other expenses properly incurred by them in connection with the business of the Company. The Directors may also be remunerated for any extra services done by them outside their ordinary duties as Directors, subject to the provisions of Section 197 of the Act.”

Article 122 provides that “In the event that a Director is absent for a continuous period of not less than 3 (three) months from India (an “**Original Director**”), subject to these Articles, the Board may appoint another Director (an “**Alternate Director**”), not being a person holding any alternate directorship for any other Director or holding directorship in the Company, for and in place of the Original Director. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in the Original Director’s absence. No Person shall be appointed as an Alternate Director to an Independent Director unless such Person is qualified to be appointed as an Independent Director of the Company. Any Person so appointed as Alternate Director shall not hold office for a period longer than that permissible to the Original Director and shall vacate the office if and when the Original Director returns to India.”

Article 123 provides that “The office of a Director shall automatically become vacant, if he is disqualified under any of the provisions of the Act. Further, subject to the provisions of the Act, a Director may resign from his office at any time by giving a notice in writing to the Company and the Board shall on receipt of such notice take note of the same and the Company shall intimate the Registrar and also place the fact of such resignation in the report of Directors laid in the immediately following General Meeting. Such Director may also forward a copy of his resignation along with detailed reasons for the resignation to the Registrar within 30 (thirty) days of resignation. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later.”

Article 124 provides that “At any annual General Meeting at which a Director retires, the Company may fill up the vacancy by appointing the retiring Director who is eligible for re-election or some other Person if a notice for the said purpose has been left at the office of the Company in accordance with the provisions of the Act.”

Article 125 provides that “No Person shall be appointed as a Director unless he furnishes to the Company his Director Identification Number under Section 154 of the Act or any other number as may be prescribed under Section 153 of the Act and a declaration that he is not disqualified to become a Director under the Act.”

Article 126 provides that “No Person appointed as a Director shall act as a Director unless he gives his consent to hold the office as a Director and such consent has been filed with the Registrar within 30 (thirty) days of his appointment in the manner prescribed in the Act.”

Article 127 provides that “Subject to the provisions of the Act, the Directors shall have the power, at any time and from time to time to appoint any Persons as Additional Director in addition to the existing Directors so that the total number of Directors shall not at any time exceed the number fixed for Directors in these Articles. Any Director so appointed shall hold office only until the next following annual General Meeting or the last date on which the annual General Meeting should have been held, whichever is earlier, but shall be eligible for re-appointment as Director.”

Article 128 provides that “The Company, may by ordinary resolution, of which special notice has been given in accordance with the Section 169 of the Act, remove any Director including the managing director, if any, before the expiration of the period of his office. Notwithstanding anything contained in these regulations or in any agreement between the Company and such Director, such removal shall be without prejudice to any contract of service between him and the Company.”

Article 129 provides that “If the office of any Director appointed by the Company in a General Meeting, is vacated before his term of office expires in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board but any Person so appointed shall retain his office so long only as the vacating Director would have retained the same if such vacancy had not occurred.”

Article 130 provides that “In the event of the Company borrowing any money from any financial corporation or institution or government or any government body or a collaborator, bank, Person or Persons or from any other source, while any money remains due to them or any of them the lender concerned may have and may exercise the right and power to appoint, from time to time, any Person or Persons to be a Director or Directors of the Company and the Directors so appointed, shall not be liable to retire by rotation, subject however, to the limits prescribed by the Act. Any Person so appointed may at any time be removed from the office by the appointing authority who may from the time of such removal or in case of death or resignation of Person, appoint any other or others in his place. Any such appointment or removal shall be in writing, signed by the appointee and served on the Company. Such Director need not hold any qualification shares.”

Article 131 provides that “The Company shall take and maintain any insurance as the Board may think fit on behalf of its present and/or former Directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly or reasonably.”

Managing director or whole time director

Article 132 provides that “The Board may, from time to time, subject to Section 196 and other applicable provisions of the Act, appoint one or more of their body to the office of the managing director or whole time Director for such period and on such remuneration and other terms, as they think fit and subject to the terms of any agreement entered into in any particular case, may revoke such appointment.”

Article 133 provides that “Subject to the provisions of any contract between him and the Company, the managing director/ whole-time director, shall be subject to the same provisions as to resignation and removal as the other Directors and his appointment shall automatically terminate if he ceases to be a Director.”

Article 134 provides that “Subject to the provisions of the Act, a managing director or whole time director may be paid such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in other) as the Board may determine.”

Article 135 provides that “The Board, subject to Section 179 and any other applicable provisions of the Act, may entrust to and confer upon a managing director or whole time director any of the powers exercisable by them upon such terms and conditions and with such restrictions, as they may think fit and either collaterally with or to the

exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.”

Meetings of the board

Article 136 provides that “The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.”

Article 137 provides that “A Director may, and the manager or secretary upon the requisition of a Director shall, at any time convene a meeting of the Board.”

Article 138 provides that “Subject to the provisions the Act, the Board shall meet at least 4 (four) times in a year in such a manner that not more than 120 (one hundred and twenty) days shall intervene between 2 (two) consecutive meetings of the Board.”

Article 139 provides that “The quorum for the meeting of the Board shall be one third of its total strength or 2 (two) directors, whichever is higher, and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purpose of quorum.”

Article 140 provides that “The continuing Directors may act notwithstanding any vacancy in the Board; but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose.”

Article 141 provides that “If quorum is found to be not present within 30 (thirty) minutes from the time when the meeting should have begun or if during the meeting, valid quorum no longer exists, the meeting shall be reconvened at the same time and at the same place 7 (seven) days later. At the reconvened meeting, the Directors present and not being less than 2 (two) Persons shall constitute the quorum and may transact the business for which the meeting was called and any resolution duly passed at such meeting shall be valid and binding on the Company.”

Article 142 provides that “Subject to the provisions of the Act allowing for shorter notice periods, a meeting of the Board shall be convened by giving not less than 7 (seven) days’ notice in writing to every Director at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means.”

Article 143 provides that “Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.”

Article 144 provides that “The Board may elect a Chairman for its meetings and determine the period for which he is to hold office. If no such Chairman is elected, or if at any meeting the Chairman is not present within 5 (five) minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairman of the meeting.”

Article 145 provides that “In case of equality of votes, the Chairman of the Board shall have a second or casting vote at Board meetings of the Company.”

Article 146 provides that “Subject to these Articles and Sections 175, 179 and other applicable provisions of the Act, a circular resolution in writing, executed by or on behalf of a majority of the Directors or members of the Committee, shall constitute a valid decision of the Board or committee thereof, as the case may be, provided that a draft of such resolution together with the information required to make a fully-informed good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, was sent to all of the Directors or members of the committee (as the case may be) at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed under the Act, and has been approved by a majority of the Directors or members who are entitled to vote on the resolution.”

Article 147 provides that “All acts done in any meeting of the Board or of a committee thereof or by any Person acting as a Director shall, notwithstanding that it may be afterwards discovered that his appointment was invalid by reason of any defect for disqualification or had terminated by virtue of any provisions contained in the Act, or

in these Articles, be as valid as if every such Director or such Person had been duly appointed and was qualified to be a Director.”

Article 148 provides that “Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.”

Article 149 provides that “Subject to the provisions of the Act, no Director shall be disqualified by his office from contracting with the Company, nor shall any such contract entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director contracting or being so interested be liable to account to the Company for any profit realized by any such contract by reason only of such Director holding that office or of the fiduciary relations thereby established; provided that every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement, entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board and shall not participate in such meeting as required under Section 184 and other applicable provisions of the Act, and his presence shall not count for the purposes of forming a quorum at the time of such discussion or vote.”

Powers of the board and constitution of committees of the board

Article 150 provides that “Subject to Section 179 of the Act, the Directors shall have the right to delegate any of their powers to such managers, agents or other Persons as they may deem fit and may at their own discretion revoke, vary or withdraw such powers.”

Article 151 provides that “The Board of Directors shall, or shall authorize Persons in their behalf, to make necessary filings with governmental authorities in accordance with the Act and other applicable Law, as may be required from time to time.”

Article 152 provides that “Subject to the provisions of the Act and these Articles, the management of affairs of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or any other statute or by the Memorandum of Association or by these Articles or otherwise, to be exercised or done by the Company in a General Meeting; provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in a General Meeting, but no regulation made by the Company in a General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit and may determine their functions, powers, authorities and responsibilities. Such Committees will meet as frequently as the Board may decide, subject to applicable Laws.”

Article 153 provides that “Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.”

Article 154 provides that “A committee may elect a Chairman of its meetings and may also determine the period for which he is to hold office. If no such Chairman is elected, or if at any meeting the Chairman is not present within 5 (five) minutes after the time appointed for holding the meeting, the Members present may choose one of their Members to be Chairman of the meeting.”

Article 155 provides that “A committee may meet and adjourn as it thinks fit.”

Article 156 provides that “Questions arising at any meeting of a committee shall be determined by a majority of votes of the Directors present. The chairperson of the committee, if any, shall not have any second or casting vote.”

Article 157 provides that “The Directors shall have the power to open bank accounts, to sign cheques on behalf of the Company and to operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundies and bills or may authorise any other Person or Persons to exercise such powers.”

Dividend and reserves

Article 161 provides that “The Company in a General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.”

Article 162 provides that “Subject to the provisions of the Act, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.”

Article 163 provides that “The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.”

Article 164 provides that “Subject to the rights of Persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, dividends may be declared and paid according to the amounts of the Shares.”

Article 165 provides that “No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of these Articles as paid on the Share.”

Article 166 provides that “All dividends shall be apportioned and paid proportionately to the amounts, paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Share shall rank for dividend accordingly.”

Article 167 provides that “The Board may deduct from any dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares.”

Article 168 provides that “Any dividend, interest or other monies payable in cash in respect of Shares may be paid by electronic mode or by cheque, demand draft or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of Members of the Company, or to such Person and to such address as the holder or joint holders may in writing direct.”

Article 169 provides that “Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent.”

Article 170 provides that “Any one of two or more joint holders of a Share may give effectual receipts for any dividends, bonuses or other payments in respect of such Share.”

Article 171 provides that “The notice of any dividend, whether interim or otherwise, that may have been declared shall be given to the Persons entitled to share therein in the manner mentioned in the Act.”

Article 172 provides that “No dividend shall bear interest against the Company.”

Article 173 provides that “No unclaimed or unpaid dividend shall be forfeited by the Board before it becomes barred by law.”

Article 174 provides that “Where the Company has declared a dividend which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend the Company shall within such period as prescribed under applicable law,

open a special account in that behalf in any scheduled bank called “Unpaid dividend Account” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as the Investor Education and Protection Fund established under Section 125 of the Act. A claim to any money so transferred to the Investor Education and Protection Fund may be preferred to the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by the law.”

Winding up

Article 177 provides that “Subject to the provisions of Chapter XX of the Act and rules made thereunder—

- (i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.”

PART B OF THE ARTICLES OF ASSOCIATION

Part B of the Articles of Association provide for, among other things, the rights of certain shareholders pursuant to the Shareholders’ Agreement. For more details on the Shareholders’ Agreement, see “***History and Certain Corporate Matters – Shareholders’ agreements***” on page 204.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus filed with the Registrar of Companies, and also the documents for inspection referred to hereunder may be inspected at our Registered Office, from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date (except for such agreements executed after the Bid/ Offer Closing Date).

Material Contracts to the Offer

1. Offer agreement dated August 12, 2021 entered into among our Company, the Selling Shareholders and the BRLMs;
2. Registrar agreement dated August 12, 2021 entered into among our Company, the Selling Shareholders and the Registrar to the Offer;
3. Monitoring Agency agreement dated [●] entered into between our Company and the Monitoring Agency;
4. Share Escrow Agreement dated [●] entered into among our Company, the Selling Shareholders, and the share escrow agent;
5. Escrow and Sponsor Bank agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs, the Banker(s) to the Offer and the Registrar to the Offer;
6. Syndicate agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs and Syndicate Members; and
7. Underwriting agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs and Syndicate Members.

Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association as amended until date;
2. Certificate of incorporation dated December 24, 1981;
3. Resolution of the board of directors of ZMPPL dated August 10, 2021 and consent letter dated August 10, 2021, authorizing the inclusion of its portion of the Offered Shares;
4. Letter bearing number no. 18031/02/2020-PSU dated March 26, 2021 from GoI, granting approval for the Offer;
5. Letter bearing no. F. No. 3/1/2021-DIPAM-II dated May 6, 2021 from GoI, authorising the inclusion of the entire 19.55% of the equity share capital of the Company, held by the President of India, acting through the Department of Fertilizers, Ministry of Chemicals and Fertilizers, GoI as part of the Offer for Sale;
6. Resolution of the Board dated May 24, 2021 in relation to the Offer and other related matters;
7. Resolution dated June 1, 2021 of the Shareholders of our Company in relation to the Fresh Issue and other related matters;
8. Resolution of our Board of Directors dated August 12, 2021 approving this Draft Red Herring Prospectus.
9. Copies of our annual reports for the preceding three Fiscals;

10. The examination report dated August 10, 2021 and report dated August 10, 2021 of our Statutory Auditors, on the Restated Consolidated Financial Information and Unaudited Pro Forma Condensed Combined Financial Information, respectively;
11. The report dated August 10, 2021 of S.R. Batliboi & Co. LLP on the Special Purpose Carve Out Financial Statements;
12. Consent from the Statutory Auditors namely, to include their name as required under Section 26(5) of the Companies Act read with SEBI ICDR Regulations and as an “expert” as defined under Section 2(38) of the Companies Act to the extent and in their capacity as the Statutory Auditor and in respect of their examination report dated August 10, 2021 on our Restated Consolidated Financial Information, their report dated August 12, 2021 on the statement of special tax benefits and their report dated August 10, 2021 on the Unaudited Pro Forma Condensed Combined Financial Information included in this Draft Red Herring Prospectus;
13. Share Purchase and Share Subscription Agreement dated February 28, 2002 between the President of India, ZMPPL, Zuari Industries Limited and Maroc Phosphore S.A., Shareholder’s Agreement dated February 28, 2002 between the President of India, ZMPPL, Zuari Industries Limited and Maroc Phosphore S.A.;
14. Business Transfer Agreement dated March 1, 2021 among our Company and ZACL along with the addendum to the Business Transfer Agreement dated July 30, 2021;
15. The statement of special tax benefits dated August 12, 2021 from the Statutory Auditors included in this Draft Red Herring Prospectus;
16. Consent by way of, (i) a certificate dated August 9, 2021 from Ananta V.P. Moio, Chartered Engineers; and (ii) a certificate dated July 31, 2021 from SZB Engineering Consultants Pvt. Ltd, Chartered Engineers to include their names as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in their capacity as an independent chartered engineers.
17. Consents of bankers to our Company, the Selling Shareholders, the BRLMs, Registrar to the Offer, legal counsels, Directors of our Company, lenders to our Company (where such consent is required), Company Secretary and Compliance Officer and Chief Financial Officer, to act in their respective capacities;
18. In-principle listing approvals dated [●] and [●] from the BSE and NSE, respectively;
19. Tripartite Agreement dated August 5, 2021 among our Company, NSDL and Registrar to the Offer;
20. Tripartite Agreement dated August 6, 2021 among our Company, CDSL and the Registrar to the Offer;
21. Due diligence certificate to SEBI from the BRLMs dated [●];
22. Industry report titled “*Assessment of the fertiliser market in India*” as of July, 2021 exclusively prepared and issued by CRISIL Research, a division of CRISIL Limited and consent issued in relation to such report dated August 7, 2021 by CRISIL; and
23. Report titled “Technical Due Diligence Report of ZACL, Zuarinagar, Goa Plant” as of August 10, 2021 exclusively prepared and issued by Worley India Private Limited and consent issued in relation to such report dated August 10, 2021 by Worley India Private Limited; and
24. Final observation letter dated [●] issued by SEBI.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act 2013 and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY:

Saroj Kumar Poddar
Chairman and Non-Executive Director

Place: New Delhi, India

Date: August 12, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY:

Narayanan Suresh Krishnan
Managing Director and Executive Director

Place: Gurgaon, India

Date: August 12, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY:

Soual Mohamed
Non-Executive Director

Place: Casablanca, Morocco

Date: August 12, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY:

Dipankar Chatterji
Independent Director

Place: Kolkata, India

Date: August 12, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY:

Kiran Dhingra
Independent Director

Place: New Delhi, India

Date: August 12, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY:

Marco Philippus Ardeshir Wadia
Independent Director

Place: Mumbai, India

Date: August 12, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY:

Satyananda Mishra
Independent Director

Place: New Delhi, India

Date: August 12, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE GENERAL MANAGER AND HEAD OF CORPORATE FINANCE OF OUR COMPANY:

Alok Saxena

General Manager and Head of Corporate Finance

Place: Bengaluru, India

Date: August 12, 2021

SELLING SHAREHOLDER DECLARATION

We hereby confirm that all statements, disclosures and undertakings made by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED ON BEHALF OF THE SELLING SHAREHOLDER

Name: Sabaleel Nandy

Designation: Director, ZMPPL

For and on behalf of Zuari Maroc Phosphates Private Limited

Place: Bengaluru, India

Date: August 12, 2021

GoI SELLING SHAREHOLDER DECLARATION

We hereby confirm that all statements, disclosures and undertakings made by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

SIGNED ON BEHALF OF THE GoI SELLING SHAREHOLDER

Name: Aparna S. Sharma

Designation: Joint Secretary, Government of India, Ministry of Chemicals and Fertilizers, Department of Fertilizers

*For and on behalf of the President of India,
Acting through the Department of Fertilizers,
Ministry of Chemicals and Fertilizers,
Government of India*

Place: New Delhi, India

Date: August 12, 2021