

# ANNUAL REPORT

— 2020 - 2021 —



रामागुण्डम फर्टिलाइजर्स एण्ड केमिकल्स लिमिटेड

**Ramagundam Fertilizers and Chemicals Limited**

CIN-U24100DL2015PLC276753



Visual of Compressor House



Visual of Ammonia Plant



## Board of Directors and Senior Management



**Shri Virendra Nath Datt**  
Chairman



**Shri Niranjana Lal Sharma**  
Director



**Shri K.K. Chatiwal**  
Director



**Shri Alok Verma**  
Director



**Shri Jayesh Ranjan**  
Director



**Shri Nirlep Singh Rai**  
Director



**Shri Sanjeev Kumar Handa**  
Director



**Shri Ashok Kumar Kalra**  
Director



**Shri Atul Kumar Jain**  
CEO



**Shri Inder Chawla**  
CFO

**Shri Lalit Kumar Vijn**  
Director  
Upto 31<sup>st</sup> July, 2020

**Shri J C Nakra**  
Chairman  
upto 31<sup>st</sup> January, 2021

**Shri Rakesh Gogia**  
Director  
upto 17<sup>th</sup> February, 2021

**Shri Sanjay Jindal**  
CFO  
upto 15<sup>th</sup> March, 2021

**Shri Sunil Bhatia**  
Director  
upto 30<sup>th</sup> June, 2021

**Shri Nirlep Singh Rai**  
CEO  
upto 5<sup>th</sup> August, 2021

**Smt. Vartika Shukla**  
Director  
from 7<sup>th</sup> July, 2021  
upto 8<sup>th</sup> September, 2021





## CORPORATE INFORMATION

### Management Team

**Shri Atul Kumar Jain**  
Chief Executive Officer

**Shri Inder Chawla**  
Chief Financial Officer

**Shri Lalit Mohan Pandey**  
Chief Vigilance Officer

**Shri Hira Nand**  
ED (F&A)

**Ms Jaya Dikshit**  
CGM(HR)

**Shri A.K. Maheshwari**  
CGM (Project)

**Shri V. K. Bangar**  
GM (Project)  
In charge RFCL-site

**Ms Pratibha Aggarwal**  
Company Secretary

**Registered Office** : Scope Complex, 7 Institutional Area, Lodhi Road, New Delhi - 110003

**Corporate Office** : 4<sup>th</sup> Floor, Kribhco Bhawan, Sector-1, Noida - 201301

**Project office** : Fertilizers City, RFCL Plant, Ramagundam, Peddapalli Telangana - 505210

### Statutory Auditors (2020-21)

**M/s Lunawat & Co.**  
Chartered Accountants  
109, Magnum House-Karampura Complex  
New Delhi-110015

### Secretarial Auditors

**M/s Parveen Rastogi & Co.**  
Practicing Company Secretary  
CS-54, 55, 1st Floor  
Ansal Plaza, Vaishali  
Ghaziabad-201010

### Internal Auditors (2020-21)

**M/s Chandra Wadhwa & Co.**  
Cost Accountants  
1305 & 1306, Vijaya Building,  
17, Barakhamba Road,  
New Delhi - 110001

### Registrar and Share Transfer Agent (RTA)

**M/s NSDL Database Management Limited**  
4<sup>th</sup> Floor, Trade World, A Wing,  
Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel,  
Mumbai-400013

### Bankers

1. State Bank of India
2. Union Bank of India
3. Bank of India
4. Bank of Baroda  
(on merger of Vijaya Bank and Dena Bank)
5. HDFC Bank
6. Punjab National Bank  
(on merger of Oriental Bank of Commerce)





## Chairman's Statement



**Shri Virendra Nath Datt**  
Chairman

### ***Dear Shareholders,***

It gives me an immense pleasure to share with you the overall performance of your company during the year 2020-21.

The year 2020-21 has been challenging for each one of us. The Covid-19 pandemic has had a significant impact on lives, livelihoods, and the business. We are grateful to the frontline healthcare workers and other support teams who are selflessly and fearlessly serving humanity during these challenging times. The silver lining is the success of large-scale vaccination in a few countries in controlling the pandemic that is giving hope to humanity at large. India was relatively successful in managing the first wave of the pandemic outbreak but unfortunately, the second wave of Covid-19 spread much more rapidly across India, including the rural areas which were relatively less impacted in the first wave. We are cautious and hopeful that with an all-out effort, we will be able to overcome the challenging situation the Country is facing.

We are intensifying our efforts in managing the Covid-19 situation to deal with any future surge. We are cautious and yet hopeful, that our efforts in this direction will help us in managing the safety of all our relevant stakeholders and serve our customers with limited disruption





It is my privilege to share with you an update on the overall performance of your Company. In the challenging environment, your Company performed well and during the year under review, the Company has achieved a commercial production of Urea on 22nd March 2021 and declared it as a Commercial Operation Date (COD).

Before deliberating on the activities of the Company, I would like to briefly share information with respect to state of economy and in particular fertilizers sector during 2020-21.

### Economic Scenario and Fertilizer Industry

GDP at Constant Prices (2011-12) for 2020-21 was estimated at Rs.134.09 lakh crore as against 1st revised estimate for the year 2019-20 at Rs.145.69 lakh crore. The decline in GDP during 2020-21 is estimated at 8% compared to the positive growth of 4% in 2019-20 (as per 2nd Advance Estimates by CSO).

Production of food grains as per 3rd Advance Estimates by the Department of Agriculture, Cooperation and Farmers Welfare under Ministry of Agriculture and Farmers Welfare is 3054 LMT in 2020-21 as against 2975 LMT in 2019-20 registering a growth of 2.7%.

Urea is a nitrogenous fertilizer which is the major source of nitrogen for crops. Its demand is continuously growing in the Country. There is a wide gap between the requirement of urea and its availability in the country as evident from import of large quantities of urea in the last few years.

In 2020-21, the overall urea production marginally increased by 0.6% from 244.55 LMT in 2019-20 to 246.03 LMT in 2020-21. Urea consumption / sales increased by 4.5% from 335.41 LMT in 2019-20 to 350.42 LMT in 2020-21. During 2020-21, the demand supply gap of urea was 104.39 LMT. The gap shall get bridged in coming years by commencement of production from new capacities being created.

The demand for urea in Andhra Pradesh / Telangana has increased to 33.45 LMT in 2020-21 against 17.52 LMT in 2004-05. Moreover, there are no mega capacity fertilizer plants in the Southern Region except urea plant of Nagarjuna Fertilizers and Chemicals Limited at Kakinada, AP. Due to the large gap between demand and supply, major quantity of urea produced from RFCL plant will be marketed and consumed within the Southern zone itself.

### Performance Highlights

Your Company was incorporated on 17th February, 2015 for setting up Gas based Urea manufacturing plant at Ramagundam with capacity of 2,200 MTPD Ammonia Unit and 3,850 MTPD Urea Plant under Government's initiative of revival of closed fertilizer units giving much desired thrust to "Make in India" initiative. It is a Joint Venture Company of National Fertilizers Limited (NFL), Engineers India Limited (EIL) and Fertilizer Corporation of India Limited (FCIL) (Promoters) with 26% equity each by NFL & EIL. FCIL has been granted 11% equity in terms of CCEA approval. Govt. of Telangana has taken equity participation of 11%. With the signing of





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Share Subscription Cum Shareholders Agreement (SSSHA) on 18th August, 2018 amongst RFCL, its Promoters and Investors, leading to Equity participation of 14.3% of Equity Capital by GAIL (India) Ltd. and 11.7% of Equity Capital by HTAS Consortium (consisting of HT Ramagundam A/S, IFU and Danish Agribusiness Fund, Denmark), the Company had achieved 100% Financial Closure for the Project.

During the year under review, the Company has achieved a commercial production of Urea on 22nd March 2021 and declared it as a Commercial Operation Date (COD). The delay from its revised scheduled commercial operations date (SCOD) of 30th June, 2020 further extended to 15th November, 2020 and then to 28th February, 2021 due to various reasons, inter-alia, including i) COVID-19 led initial delays of about six months due to the nationwide lockdown and the subsequent lower deployment of labour than the pre-lockdown period; ii) delays in completion of civil contracts; and iii) technical issues faced during pre/post commissioning activities. After declaration of COD, technical shutdown was taken to address certain issues.

Equity – Equity Capital of ₹ 188,132 Lakhs has already been issued by the Board of Directors, out of which Equity of ₹ 182,637 Lakhs has been received and balance equity of ₹ 5,495 Lakhs is to be infused by State Govt. of Telangana.

Project Debt – The Amended and Restated Facility Agreement, providing for additional Rupee Term Loan of ₹ 50,720 Lakhs with Banks have been entered on 12th March, 2020 and also revision in terms of loan agreement of ₹ 394,071 Lakhs. However, RTL against the additional term loan has not been availed till 31<sup>st</sup> March, 2021. To meet requirement of working capital for operation of Plant, Company has arranged fund based working capital facility of ₹ 1,26,722 lakhs and non-fund based working capital facility of ₹ 40,000 lakhs.

## Corporate Governance

The philosophy of your Company on Corporate Governance is to ensure transparency, disclosures and reporting that conforms fully with the laws and regulations of the country in order to promote ethical conduct & practices throughout the organization for enhancing stakeholder's value

## Manpower

In 2020-21, regular personnel continued to join your Company. There were 306 no. of regular employees on the payroll of the Company as on 31st March 2021, besides expert manpower from NFL & EIL continue to manage project activities of the Company.

Your Company takes pride in considering its Human Resource as its most important assets. Your Company is making sustained efforts for the development of its manpower and getting highly motivated and competent Human Resource that contribute their best towards success of the Company. Employees' participation in Management is an essential ingredient of industrial democracy.





### **Acknowledgement**

On behalf of the Board of Directors, I extend sincere gratitude to our esteemed Shareholders for their unwavering support and to Department of Fertilizers, Ministry of Petroleum & Natural Gas and State Government of Telangana for their valuable guidance and look forward to their continued support.

I would like to thank Statutory, Secretarial and Government Auditors, Banks, Regulatory Authorities for their guidance and support.

I would like to thank all our employees for their commitment, hard work and contribution in achieving commercial operations of the Company and to further improve capacity utilization.

Before I conclude, I sincerely thank and laud my colleagues on the Board of Directors for their valuable guidance and support in running the affairs of the Company.

With the trust and confidence shown by all of you, we are looking forward to continue our journey in a manner that develops trust and enhances the long term value for all stakeholders.

With best regards,

**For and on behalf of the Board**

**Place : Noida  
Date : 15.09.2021**

Sd/-  
**( Virendra Nath Datt )  
Chairman  
DIN: 07823778**







Visit of Shri Rajesh Kumar Chaturvedi  
Hon'ble Secretary of Department of Fertilizers



RFCL Team with Urea First Rake



Visit of Shri Bhagwanth Khuba  
Hon'ble Minister of State of Chemicals of Fertilizers



Visit of Dr. Mansukh Mandaviya  
Hon'ble Minister of Chemicals & Fertilizers





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## BOARD'S REPORT

To

The Shareholders

**Ramagundam Fertilizers and Chemicals Limited**

Dear Members,

Your Directors have immense pleasure in presenting the 6<sup>th</sup> Annual Report for the financial year ended 31<sup>st</sup> March, 2021 along with Audited Statement of Accounts and the Auditors' Report.

### Company Overview

Your Company has been incorporated as a Joint Venture Company promoted by National Fertilizers Limited (NFL), Engineers India Limited (EIL) and Fertilizer Corporation of India (FCIL), for setting up State of the Art Gas based Ammonia-Urea Plant at Ramagundam, Peddapalli district in the State of Telangana, with capacity of 2200 MTPD Ammonia Unit and 3850 MTPD Urea Unit. During FY 2020-21, Company has declared its Commercial Operation on 22<sup>nd</sup> March, 2021.

### Financial Summary and Highlights

The Company has completed its construction during this year and declared its Commercial Operation on 22<sup>nd</sup> March, 2021. The financial statements for FY 2020-21 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013.

The key highlights of the financial performance of the Company for the year, as stated in the audited financial statement, along with the corresponding performance for the previous period are as under:-

(Figures in ₹ Lakhs)

SI No.	Particulars	Financial Year 2020-21	Financial Year 2019-20
<b>Income</b>			
1	Revenue from operations	-	-
2	Other Income	1,042.01	873.52
<b>A</b>	<b>Total Income</b>	<b>1,042.01</b>	<b>873.52</b>
<b>Expenditure</b>			
1	Employee benefits expense	135.59	59.86
2	Power and Fuels	630.60	0.58
3	Depreciation and Amortisation	695.90	3.74
4	Other expenses	4,745.94	3,999.28
5	Finance Cost	789.90	627.90
<b>B</b>	<b>Total Expenses</b>	<b>6,997.93</b>	<b>4,691.36</b>





SI No.	Particulars	Financial Year 2020-21	Financial Year 2019-20
C	Profit/ (Loss) Before Tax (A-B)	(5,955.92)	(3,817.84)
D	Income Tax expense: Deferred tax	(1,257.93)	-
E	Profit (Loss) for the year	(4,697.99)	(3,817.84)
F	Other Comprehensive Income	(0.16)	(0.11)
G	Total Income	(4,698.15)	(3,817.95)
H	Reserves & Surplus	(11,525.71)	(6,787.00)
I	Earnings/ (Loss) per equity share of ₹10 each	(0.29)	(0.32)

## Dividend

There was no income generated from business operations and thus Company has not made any profit and therefore your Directors have not recommended any dividend.

## Reserve

During the year under review, your Company has not transferred any amount to reserve.

## Physical and Financial Status of the Project

During the year under review, the Company has achieved a commercial production of Urea on 22<sup>nd</sup> March 2021 and declared it as a Commercial Operation Date (COD). The delay from its revised scheduled commercial operations date (SCOD) of 30<sup>th</sup> June, 2020 further extended to 15<sup>th</sup> November, 2020 and then to 28<sup>th</sup> February, 2021 due to various reasons, inter-alia, including i) COVID-19 led initial delays of about six months due to the nationwide lockdown and the subsequent lower deployment of labour than the pre-lockdown period; ii) delays in completion of civil contracts; and iii) technical issues faced during pre/post commissioning activities. After declaration of COD, technical shutdown was taken to address certain issues.

## Financial Closure

Till FY 2019-20, revised project cost was estimated to ₹ 612,055 Lakhs to be funded through equity of ₹ 172,163 Lakhs and debt of ₹ 439,892 Lakhs. During the FY 2020-21, Project cost was revised to ₹ 633,816 Lakhs to be funded through equity of ₹ 189,025 Lakhs and debt of ₹ 444,791 Lakhs.

Equity – Equity Capital of ₹ 188,132 Lakhs has already been issued by Board out of which Equity of ₹ 182,637 Lakhs has been received and balance equity of ₹ 5,495 Lakhs is to be infused by State Govt. of Telangana.

Project Debt – The Amended and Restated Facility Agreement, providing for additional Rupee Term Loan of ₹ 50,720 Lakhs with Banks have been entered on 12th March, 2020 and also revision in terms of loan







agreement of ₹ 394,071 Lakhs. However, RTL against the additional term loan has not been availed till 31<sup>st</sup> March, 2021. To meet requirement of working capital for operation of Plant, Company has arranged fund based working capital facility of ₹ 1,26,722 lakhs and non-fund based working capital facility of ₹ 40,000 lakhs.

Marketing of Urea – The Company declared 22<sup>nd</sup> March, 2021 as Commercial Operation Date and Urea produced dispatched to M/s National Fertilizers Limited (NFL) on sales Basis from RFCL Plant, for marketing by NFL, in line with the Marketing agreement entered with NFL.

## Economic Outlook

GDP at Constant Prices (2011-12) for 2020-21 was estimated at Rs. 134.09 lakh crore as against 1<sup>st</sup> revised estimate for the year 2019-20 at Rs. 145.69 lakh crore. The decline in GDP during 2020-21 is estimated at 8% compared to the positive growth of 4% in 2019-20 (as per 2nd Advance Estimates by CSO).

Production of food grains as per 3<sup>rd</sup> Advance Estimates by the Department of Agriculture, Cooperation and Farmers Welfare under Ministry of Agriculture and Farmers Welfare is 3054 LMT in 2020-21 as against 2975 LMT in 2019-20 registering a growth of 2.7%.

Urea is a nitrogenous fertilizer which is the major source of nitrogen for crops. Its demand is continuously growing in the Country. There is a wide gap between the requirement of urea and its availability in the country as evident from import of large quantities of urea in the last few years.

In 2020-21, the overall urea production marginally increased by 0.6% from 244.55 LMT in 2019-20 to 246.03 LMT in 2020-21. Urea consumption / sales increased by 4.5% from 335.41 LMT in 2019-20 to 350.42 LMT in 2020-21. During 2020-21, the demand supply gap of urea was 104.39 LMT. The gap shall get bridged in coming years by commencement of production from new capacities being created.

The demand for urea in Andhra Pradesh / Telangana has increased to 33.45 LMT in 2020-21 against 17.52 LMT in 2004-05. Moreover, there are no mega capacity of fertilizer plants in the Southern Region except urea plant of Nagarjuna Fertilizers and Chemicals Limited at Kakinada. Due to the large gap between demand and supply, major quantity of urea produced from RFCL plant will be marketed and consumed within the Southern zone itself.

## Share Capital

Issued Share Capital of the Company increased from ₹ 1717.15 crore as on 31<sup>st</sup> March 2020 to ₹ 1881.32 crore as on 31<sup>st</sup> March 2021. Paid up Share Capital of the Company increased from ₹ 1299.12 crore as on 31<sup>st</sup> March 2020 to ₹ 1676.30 crore as on 31<sup>st</sup> March 2021. Details of Share Capital allotted during the financial year 2020-21 is given below:





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S. No.	Name of Shareholders	Category	Total number equity shares on 31 March, 2020	Allotments made during the F.Y.2020-21			Total number equity shares on 31 March, 2021	% of share-holding
				Allotment on 27 <sup>th</sup> April, 2020 @ ₹ 10 per Share	Allotment on 5 <sup>th</sup> August, 2020 @ ₹ 10 per share	Allotment on 26 <sup>th</sup> February, 2021 @ ₹ 10 per share		
1	National Fertilizers Limited	Promoter	3415,28,200	1061,00,000	NIL	NIL	4476,28,200	26.70
2	Engineers India Limited Limited		3415,28,200	1061,00,000	NIL	NIL	4476,28,200	26.70
3	Fertilizer Corporation of India Limited *		1444,92,700	449,00,000	NIL	NIL	1893,92,700	11.30
4	State Government of Telangana (SGOT)	Non-Promoter	1300,47,305	NIL	97	140,00,000	1440,47,402	8.59
5	GAIL (India) Limited		1878,40,510	583,50,000	NIL	NIL	2461,90,510	14.69
6	HT Ramagundam A/S		512,29,230	159,10,000	NIL	NIL	671,39,230	4.01
7	The Investment Fund For Developing Countries		512,29,230	159,10,000	NIL	NIL	671,39,230	4.01
8	Danish Agribusiness Fund I K S		512,29,230	159,10,000	NIL	NIL	671,39,230	4.01
	<b>Total</b>		<b>129,91,24,605</b>	<b>3631,80,000</b>	<b>97</b>	<b>140,00,000</b>	<b>167,63,04,702</b>	<b>100</b>

\*Shares were allotted on Rights basis, for consideration other than cash and thus the report of Registered valuer was not required.

There is no Share subscription money pending allotment at the end of FY 2020-21.

The shareholding of the Company, as on 31<sup>st</sup> March, 2021 and as on date is as below:

Sr. No.	Name of Shareholder	Shareholding as on 31 <sup>st</sup> March, 2021 (in ₹)	Shareholding as on date of this Report (in ₹)
1.	National Fertilizers Limited	447,62,82,000	491,46,24,000
2.	Engineers India Limited	447,62,82,000	491,46,24,000
3.	Fertilizer Corporation of India Limited	189,39,27,000	207,93,64,000
4.	State Government of Telangana	144,04,74,020	144,04,74,020
5.	GAIL (India) Limited	246,19,05,100	270,30,43,200
6.	HT Ramagundam A/S	67,13,92,300	73,71,93,600
7.	Investment Fund for developing Countries	67,13,92,300	73,71,93,600
8.	Danish Agribusiness Fund I K/S	67,13,92,300	73,71,93,600
	<b>Total</b>	<b>16,76,30,47,020</b>	<b>18,26,37,10,020</b>

The Issued and paid up Share Capital of the Company as on date is ₹ 1881.32 crore and ₹ 1826.37 crore respectively. The entire Share Capital of the Company as on date is in dematerialized form.





## Change of situation of Registered and Corporate Office of the Company

Board in its 55<sup>th</sup> Meeting held on 28<sup>th</sup> May, 2021 has approved the change in situation of the registered office of the Company to Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi – 110003 from 3<sup>rd</sup> and 4<sup>th</sup> floor, Mohta Building, 4, Bhikaji Cama Place, New Delhi-110066, under the jurisdiction of same Registrar of Companies, NCT of Delhi & Haryana and within the local limit of the town where present Registered Office of the Company was situated. Further, the Corporate Office of the Company has also been shifted to 4<sup>th</sup> Floor, Kribhco Bhawan, Sector-1, Noida - 201301.

Accordingly, the Register of Members, such other registers/ records, Annual Returns and books of accounts of the Company, as required to be maintained under the Companies Act, 2013, whether kept in physical or in electronic form, are maintained at the Corporate office of the Company i.e. 4<sup>th</sup> Floor, Kribhco Bhawan, Sector-1, Noida - 201301.

## Credit Rating

Indian Ratings and Research Pvt. Ltd., a Fitch Group Company has upgraded granted RFCL's Long- Term Issuer rating at 'IND A+ Stable' from 'IND A-'.

## Board of Directors

- Composition of the Board as on 31<sup>st</sup> March, 2021 is as follows: -

DIN	Name	Designation
07823778	Shri Virendra Nath Datt	Non-executive and Non-independent Director (Chairman)
07965269	Shri Niranjana Lal Sharma	Non-executive and Non-independent Director
07579789	Shri Alok Verma	Non-executive and Non-independent Director
08234672	Shri Kamal Kishore Chatiwal	Non-executive and Non-independent Director
08259936	Shri Sunil Bhatia	Non-executive and Non-independent Director
00003692	Shri Jayesh Ranjan	Non-executive and Non-independent Director
08725698	Shri Nirlep Singh Rai	Non-executive and Non-independent Director
07223761	Shri Sanjeev Kumar Handa	Non-executive and Non-independent Director





2. During and subsequent to period under review, the following changes took place in the Board of Directors of the Company:

DIN	Name	Designation	Date of Appointment	Date of Cessation
08725698	Shri Nirlep Singh Rai	Director	01 <sup>st</sup> April, 2020 (Regularised w.e.f 25 <sup>th</sup> September, 2020)	Continuing
07261231	Shri Lalit Kumar Vijn	Director	1 <sup>st</sup> February, 2018	Ceased with effect from 31 <sup>st</sup> July, 2020
07223761	Shri Sanjeev Kumar Handa	Director	01 <sup>st</sup> August, 2020 (Regularised w.e.f 25 <sup>th</sup> September, 2020)	Continuing
07676468	Shri Jagdish Chander Nakra	Chairman	3 <sup>rd</sup> November, 2017	Ceased with effect from 31 <sup>st</sup> January, 2021
08501905	Shri Rakesh Gogia	Director	15 <sup>th</sup> July, 2019	Ceased with effect from 17 <sup>th</sup> February, 2021
07823778	Shri Virendra Nath Datt	Chairman	31 <sup>st</sup> October, 2018	Appointed as Chairman with effect from 23 <sup>rd</sup> February, 2021
08259936	Shri Sunil Bhatia	Director	31 <sup>st</sup> October, 2018	Ceased with effect from 30 <sup>th</sup> June, 2021
08777885	Smt. Vartika Shukla	Additional Director	7 <sup>th</sup> July, 2021	Ceased with effect from 8 <sup>th</sup> September, 2021
08698203	Shri Ashok Kumar Kalra	Additional Director	13 <sup>th</sup> September, 2021	Continuing

### 3. Retirement by rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Virendra Nath Datt and Shri Jayesh Ranjan, Directors would retire by rotation, at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

### 4. Induction and regularisation

Smt. Vartika Shukla was appointed as an Additional Director with effect from 7<sup>th</sup> July, 2021, pursuant to nomination by EIL. Subsequently, EIL vide its letter dated 8th September, 2021 has nominated Shri Ashok Kumar Kalra, Director (HR), EIL in place of Smt. Vartika Shukla, Director on the Board of the Company. Accordingly, Smt. Vartika Shukla ceased to be Director with effect from 8<sup>th</sup> September, 2021 and Shri Kalra has been appointed with effect from 13<sup>th</sup> September, 2021.

In accordance with the provisions of the Companies Act, 2013, Shri Kalra shall vacate the office at the ensuing Annual General Meeting. Necessary notice has been received under section 160 of the Companies Act, 2013, proposing his candidature for appointment and the Board recommends his appointment at the ensuing Annual General Meeting.

### 5. Independent Director

RFCL is an unlisted Joint Venture Company; therefore, in terms of Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is exempt from appointment of Independent Directors.







## Board Meetings

During the period under review, 5 (Five) Board meetings were held for transacting the business of the Company with details as under:

Board Meeting No.	Date of Board Meeting	Presence of Directors
50	8 <sup>th</sup> June, 2020	All the Directors were present
51	5 <sup>th</sup> August, 2020	All the Directors were present except Shri Jayesh Ranjan
52	9 <sup>th</sup> November, 2020	All the Directors were present except Shri Virendra Nath Datt and Shri Jayesh Ranjan
53	22 <sup>nd</sup> January, 2021	All the Directors were present except Shri Virendra Nath Datt and Shri Jayesh Ranjan
54	10 <sup>th</sup> March, 2021	All the Directors were present

Maximum interval between any two Board meetings did not exceed 120 days.

## Key Managerial Personnel (KMP)

Details of KMP as on 31<sup>st</sup> March, 2021 are as given below:

- Shri Nirlep Singh Rai, Chief Executive Officer (CEO)
- Shri Inder Chawla, Chief Financial Officer (CFO)
- Ms. Pratibha Aggarwal, Company Secretary (CS)

Following changes took place in the Key Managerial Personnel of the Company:

- Shri Inder Chawla got appointed as CFO of the Company with effect from 15<sup>th</sup> March, 2021 in place of Shri Sanjay Jindal.
- Shri Nirlep Singh Rai, CEO was appointed as Non- Executive Director on the Board of the Company with effect from 1<sup>st</sup> April, 2020, pursuant to nomination from NFL.
- Shri Atul Kumar Jain got appointed as CEO of the Company with effect from 05<sup>th</sup> August, 2021 in place of Shri Nirlep Singh Rai.

## Board Committees

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to Committees of the Directors set up for the purpose. These specialist committees prepare the groundwork for decision-making. Details of Committees as on 31<sup>st</sup> March, 2021 is as given below:

### 1) Corporate Social Responsibility Committee

As on 31<sup>st</sup> March, 2021, Corporate Social Responsibility (CSR) Committee comprised of Shri Sunil Bhatia as Chairman, Shri Niranjan Lal and Shri Nirlep Singh Rai as members of the Committee.

During FY 2020-21, one Meeting of the CSR Committees was held on 28<sup>th</sup> July, 2020.

Subsequent to period under review, CSR Committee was reconstituted by the Board and presently comprised of Shri Nirlep Singh Rai as Chairman, Shri Jayesh Ranjan, Shri Niranjan Lal and Smt. Vartika Shukla as members of the Committee.

### 2) Audit Account and Finance Committee

As on 31<sup>st</sup> March, 2021, Audit Account and Finance Committee comprised of Shri Sunil Bhatia, as Chairman and Shri Niranjan Lal and Shri Nirlep Singh Rai as members of the Committee.





Subsequent to period under review, Committee was reconstituted by the Board and presently comprised of Smt. Vartika Shukla as Chairperson, Shri Niranjana Lal and Shri Nirlep Singh Rai as members of the Committee.

### 3) Risk Management Committee

As on 31<sup>st</sup> March, 2021, Risk Management Committee comprised of Shri Virendra Nath Datt as the Chairman and Shri Alok Verma, Shri Nirlep Singh Rai and Shri S. K. Handa as members of the Committee.

### 4) HR Committee

As on 31<sup>st</sup> March, 2021, HR Committee comprised of Shri Virendra Nath Datt as the Chairman and Shri Alok Verma, Shri Sunil Bhatia and Shri Kamal Kishore Chatiwal as members of the Committee.

Subsequent to period under review, Committee was reconstituted by the Board and presently comprised of Shri Virendra Nath Datt as the Chairman and Shri Alok Verma, Shri S.K. Handa and Shri Kamal Kishore Chatiwal as members of the Committee.

## Company's Policy on Directors' appointment and remuneration

RFCL is an unlisted Joint Venture Company; therefore, in terms of Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, is not covered under sub-section (1) of Section 178 of the Companies Act, 2013. Further, in terms of Joint Venture Agreement dated 14<sup>th</sup> January, 2015 (JVA) with Promoters and Share Subscription Cum Shareholders Agreement on 18<sup>th</sup> August, 2018 amongst Company, its Promoters and Investors (SSSHA) and Articles of Association of the Company, Directors of the Company are nominated by Promoters/ Investors and all the Directors are Non- Executive part time. During FY 2020-21, no payment was made to any Director, whether by way of sitting fees or otherwise.

## Board Evaluation

RFCL being a joint venture Company is not covered under sub-section (1) of Section 178 of the Companies Act, 2013 read with Rule 6 of The Companies (Meeting of Board and its Powers) Rules, 2014 and Rule 4 of The Companies (Appointment and Qualification of Directors) Rules, 2014 and thus not required to constitute Nomination and Remuneration Committee (NRC).

In terms of JVA, SSSHA and Articles of Association of the Company, Directors of the Company are nominated by Promoters/ Investors and all the Directors are Non- Executive part time. Promoters and Investors of the Company (majorly comprise of PSU and State Government) and Directors nominated on the Board of the Company are being evaluated under well laid down procedure in their respective Companies. With respect to Directors of PSUs, they are evaluated by respective Ministries or Department of Central Government administratively in charge of those companies as per their evaluation methodology. Therefore, no performance evaluation of the Directors and Board/ Committees was carried out.

Pursuant to MCA notification no. G.S.R. 463(E) dated 5<sup>th</sup> June, 2015, "Chapter IX, clause (p) of sub-section (3) of section 134 shall not apply in case the Directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the Company, or, as the case may be, the State Government as per its own evaluation methodology".

The members of the Board of Directors of the Company are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, the





Directors have a significant degree of commitment to the Company and devote adequate time for the meetings, preparation and attendance. Board members possess the education, expertise, skills and experience in various sectors and industries required to manage and guide the Company, thus bringing in diversity to Board perspectives. Their presence on the Board has been advantageous and fruitful in taking business decisions.

## Particulars of Employees

There were 306 no. of regular employees on the payroll as on 31<sup>st</sup> March 2021, besides expert manpower from NFL & EIL continue to manage project activities of the Company.

During the year under review, none of the employees was in receipt of remuneration in excess of the limits as stipulated in the Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In terms of provisions of section 197(12) of the Companies Act, 2013 read with the Rule 5 of the aforesaid Rules, the details of the top ten employees in terms of remuneration drawn are placed at **Annexure-A** to this Report.

## Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, Your Directors to the best of their knowledge state: -

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures, if any;
- that such accounting policies as mentioned in Note-1 to the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2021 and of the loss of the Company for that period;
- that the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis: and
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## Adequacy of Internal Financial Controls with reference to the Financial Statements

The Company has in place adequate internal financial controls and are operating effectively.

## Related Party Disclosures

The particulars of contract/arrangements entered into by the Company with related parties referred to in Section 188 (1) of the Companies Act, 2013 are disclosed in Form No. AOC-2 enclosed as **Annexure-B**. The details of related party transactions have also been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.

## Corporate Social Responsibility

In terms of the provisions of Section 135 of the Act, the Board has constituted a Corporate Social Responsibility Committee and as on 31<sup>st</sup> March, 2021 it comprised of Shri Sunil Bhatia as Chairman, Shri Niranjana Lal and Shri Nirlep Singh Rai as members of the Committee, with such role, duties and responsibilities as may be prescribed under the Companies Act, 2013.





The vision and objective of the CSR Policy of the Company is to enhance value creation in the society and in the community in which Company operates, through its products, services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a Socially Responsible Corporate, with concern for ecology. The CSR Policy of Company and Composition of CSR committee is available on the website of the Company at <https://rfcl.co.in/csr.php>

There was no income generated from business operations and thus Company has not made any profit. Therefore, the requirement of making CSR expenditure as per section 135(5) of the Companies Act, 2013 was not applicable to the Company. Annual Report on Corporate Social Responsibility enclosed as **Annexure-C**.

## Conservation of Energy & Foreign Exchange Earnings and Outgo

The particulars required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy and technology absorption are as follows:

S. No.	Details	Applicable/ Not Applicable
<b>(A) Conservation of Energy-</b>		
I.	The steps taken or impact on conservation of energy.	Not Applicable ( Commercial production started on 22.03.2021)
II.	The steps taken by the company for utilizing alternate sources of energy.	Not Applicable
III.	The capital investment on energy conservation equipment.	Not Applicable
<b>(B) Technology Absorption-</b>		
I.	The efforts made towards technology absorption.	Not Applicable
II.	The benefits derived like product improvement, cost reduction, product development or import substitution.	Not Applicable
III.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Not Applicable
a)	The details of technology imported.	-
b)	The year of import.	-
c)	Whether the technology been fully absorbed.	-
d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	-
e)	The expenditure incurred on Research and Development.	-
<b>(C) Foreign exchange earnings and Outgo-</b>		
During the period under review, foreign exchange earning in terms of actual inflow was ₹ 47.73 crores towards equity contribution from foreign investors (Previous year ₹ 30.53 crores). Foreign exchange outgo in terms of actual outflow was ₹ 27.85 crore (Previous year ₹ 21.12 crore).		







## Environment Health and Safety Policy

The Company has in place the Environment Health and Safety Policy. The Company is totally committed to conduct all its activities in harmony with society and environment without compromising on the health and safety of employees as well as the people living around the complex. A full-fledged Safety, Health & Environment protection department has been set up in the RFCL Unit to achieve fulfillment of its statutory obligations concerning prevention of personal injuries, maintaining safe working conditions and protection of environment.

## Risk Management

Board of Directors of the Company at its 54<sup>th</sup> Meeting held on 10<sup>th</sup> March, 2021 has approved Risk Management Policy of the Company and the same is available on the website of the Company at <https://rfcl.co.in/Risk%20Management%20Policy.pdf>

## Vigil Mechanism/Whistle Blower Policy

The Company has formed the Whistle Blower Policy/Vigil Mechanism and no personnel have been denied access under the Mechanism. The same has been given on the website of the Company at <http://rfcl.co.in/report/WBP.pdf>

## Vigilance & Integrity Pact

Vigilance Department is headed by CVO and RFCL is committed to higher ethical standards in contracts and procurement as well as transparency in all its business dealings. An Integrity Pact (IP) Program was adopted for all Contracts & Purchases in RFCL's account for enquiries having threshold Value for Material Requisition/Tender/Package above ₹ 1.0 crore for covering under IPs.

## Internal Auditors

M/s Chandra Wadhwa & Co., Cost Accountants were appointed as Internal Auditors of the Company for the financial year 2020-21 to carry out internal audit, by the Board of Directors at its 51<sup>st</sup> Meeting held on 5<sup>th</sup> August, 2020.

## Secretarial Auditors

Board of Directors at its 52<sup>nd</sup> Meeting held on 9<sup>th</sup> November, 2020 appointed M/s Parveen Rastogi & Co., Practicing Company Secretary to conduct the Secretarial Audit of the Company as required under Section 204 of the Companies Act, 2013 and Rules thereunder for the financial years 2020-21 & 2021-22.

The Secretarial Audit Report for the financial year 2020-21 along with the Management's Reply on the comments of Secretarial Auditor is enclosed as **Annexure-D** to this Report.

## Statement on compliances of applicable Secretarial Standards

Your Company has complied with the applicable provisions of the Secretarial Standards, issued by the Institute of Company Secretaries of India.

## Statutory Auditors & Statutory Auditors' Report

The Statutory Audit of your Company was conducted by Chartered Accountants firm M/s Lunawat & Co., Chartered Accountants appointed by Comptroller & Auditor General (C&AG). Independent Auditors'





Report on the Financial Statement of the Company for the period from 01<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021 is enclosed under 'Annual Account' section of the Annual Report. The para on Other Matters from the Auditor's Report is reproduced below:

### “Other Matters

Due to Covid Pandemic, travel advisories issued and lockdowns induced by the government, we have not visited the Plant of the Company situated at Ramagundam, Telangana due to which, we were unable to physically verify the Fixed Assets capitalised during the year and Inventories held by the company. Further, the Company had run the plant successfully in March 2021 as informed for trial production. In view of our non-visit to the plant during the trial run and also there after due to Covid, we have relied upon the documents, records & explanations provided by the management in this regard.

Our Report is not qualified in this matter.”

### Cost Audit

Your Company is not covered under maintenance of cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 as the Company has completed its construction during this year and declared commercial production on 22nd March, 2021.

### Comments of Comptroller and Auditor General of India (C&AG)

The Financial Statement of the Company for the year ended 31<sup>st</sup> March, 2021 are subject to comments of C&AG of India under Section 143(6)(b) of the Companies Act, 2013 which shall be sent to shareholders separately.

### Cash Flow

A Cash Flow Statement for the period from 01<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021 is attached to and forms part of the Financial Statements.

### Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31<sup>st</sup> March, 2021 is available on the Company's website on <https://www.rfcl.co.in/agm.php>

### Other Disclosures

No disclosure or reporting is required in respect of the following items as either these were not applicable or there were no transactions on these items during the financial year 2020-21:-

- i. Details relating to deposits covered under Chapter V of the Act.
- ii. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- iii. Issue of shares (including sweat equity shares) to employees of the Company under any scheme. Company has not issued any employees stock option.
- iv. Details regarding receipt of remuneration or commission by the Managing Director or the Whole-time Director from any of its subsidiaries.
- v. Buy-back of shares.





- vi. Issue of Bonus shares.
- vii. Inter Corporate Loans and Investments
- viii. Subsidiaries, JVs or Associate Companies
- ix. Details of transfer to Investor Education and protection Fund

**Further, during the financial year 2020-21:-**

- a. Your Company has complied with the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 relating to constitution of Internal Complaints Committee. There were no cases reported under the said Act.
- b. There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.
- c. There have been no changes in the nature of business and
- d. No fraud is reported by the Auditor of the Company.

Also, there are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

**Acknowledgement:**

Your Directors acknowledge valuable guidance and continued support extended by various Departments and Ministries of the Government of India viz. Ministry of Chemicals & Fertilizers, Ministry of Petroleum & Natural Gas and State Government of Telangana.

The Board acknowledges the continued guidance and support extended by C&AG, Statutory Auditors, Secretarial and Internal Auditors, Promoters viz. NFL, EIL FCIL, Investors, valued licensors, suppliers and contractors.

Your Directors wishes to place on record its sincere appreciation to the Banks for their valued co-operation.

The Board would also like to place on records its appreciation to the hard work, commitment and unstinting efforts put in by officials deputed by Promoters and employees of the Company.

**For and on behalf of the Board**

**Place :** Noida

**Date :** 15.09.2021

**Sd/-**  
**(Virendra Nath Datt)**  
**Chairman**  
**DIN: 07823778**





## ANNUAL REPORT | 2020 - 2021



रामगुण्डम फर्टिलाइजर्स एण्ड केमिकल्स लिमिटेड

### Annexure A

## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

(CIN: U24100DL2015PLC276753)

Information under Rule 5(2) of Chapter XII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, of top ten employees in terms of remuneration drawn during the Financial Year 2020-21 are as follows:

S. No.	Employee Name	Designation	Qualifications	Nature of Employment	Remuneration (Rs.)	Experience (Years)	Date of Joining	Age (DOB)	Last Employment Held	Number & % of shares held in the Company as at March 31 <sup>st</sup> , 2021	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1	Shri Anil K Maheshwari	CGM (Project)	BE (Hons.) CIVIL	On Deputation from EIL	73,06,481	35	27.08.1992	57 (28.02.1964)	Simplex Concrete	Nil	No
2	Shri Sudharshan Kumar	CGM (Project)	Degree in Engg (Civil), PG Degree Engg (Building Engineering and Management)	On Deputation from EIL	71,07,248	34	02.09.1993	57 (06.04.1964)	Nil	Nil	No
3	Shri Sanjay Jindal	CFO, RFCL	B.COM (Hons), AICWA	On Deputation from EIL	64,27,080	29	13.8.1992	53 (18.01.1968)	Nil	Nil	No
4	Shri Anuj Agrawal	GM (Project)	Degree In Engg (Electrical)	On Deputation from EIL	62,71,271	35	24.9.1996	57 (08.03.1964)	Nil	Nil	No
5	Shri H.S. Kamath	GM (Const.)	Degree In Engg (Civil)	On Deputation from EIL	62,42,668	31	20.9.1993	56 (02.06.1965)	Nil	Nil	No
6	Shri Anuragi Ramesh Kr	DGM (Const.)	Degree In Engg (Civil), PG Degree In Engg (Civil)	On Deputation from EIL	48,54,477	31	19.3.1993	58 (22.11.1962)	Nil	Nil	No
7	Shri Sushil Kumar Agarwal	GM (HR)	PG Diploma in Personnel Management and Degree in Law	On Secondment from EIL	48,12,097	22	10.7.1998	45 15.12.1975	Nil	Nil	No
8	Shri Arun Kumar	Sr. GM (Elec.)	PG Degree in Engg, Degree In Engg (Electrical), ADV/DIP/CERT Course (French Language), DIP/CERT Course (French Language)	On Deputation from EIL	44,35,920	38	13.07.1983	60 (15.11.1960)	Nil	Nil	No
9	Shri Hira Nand	ED (F&A)	B. Com, M.Com, ICWA, LLB, CS (INTER)	On Secondment from NFL	42,85,073	35	15.12.2016	55 (02.05.1966)	Model Economic Township Ltd. (formerly known as Reliance Haryana SEZ Ltd.)	Nil	No
10	Shri Vijay Kr Bangar	GM (Proj) I/c	B.E. (Mechanical)	On Secondment from NFL	40,22,986	33	24.10.1988	56 (02.01.1965)	Nil	Nil	No

For and on behalf of the Board

Sd/-

(Virendra Nath Datt)  
Chairman  
DIN: 07823778

Place : Noida  
Date : 15.09.2021







## Annexure B

## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

CIN : U24100DL2015PLC276753

### FORM NO. AOC -2

Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014. (For the Financial Year 2020-21)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

- Details of contracts or arrangements or transactions not at Arm's length basis. NIL
- Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No.	Particulars	Details
a)	Name(s) of related party & nature of relationship	Engineers India Limited (EIL) - Promotor Company National Fertilizers Limited (NFL) - Promotor Company Fertilizer Corporation of India Limited (FCIL) - Promotor Company GAIL (India) Limited (GAIL) - Investor Company
b)	Nature of contracts/ arrangements/ transaction	<b>EIL</b> - Engineering, Procurement, Construction Management Consultancy Services (EPCM Contract). <b>EIL &amp; NFL</b> - Other expenses including Reimbursement of salary & wages of officials on deputation & secondment basis. <b>NFL</b> - Reimbursement of expenses as per Marketing Agreement, Ammonia Contract <b>FCIL</b> - additional equity treated as consideration of leasehold land <b>GAIL</b> - Gas purchase and compressor charges (incl. tax)
c)	Duration of Contracts/ Arrangements / Transactions	Since inception of Joint Venture Company i.e. 17 <sup>th</sup> February 2015 till the duration/availing of respective services.
d)	Salient Terms of the Contracts or arrangements or transaction including value, if any	<b>EIL</b> - Under EPCM Contract- on Monthly Progress basis - ₹2917.53 Lakh <b>EIL &amp; NFL</b> - Other expenses including Salary & wages (Reimbursement)- ₹575.51 Lakh & ₹1310.90 Lakh respectively. <b>NFL</b> - ₹916.88 Lakh (Marketing Agreement) <b>NFL</b> - ₹14.81 Lakh (Sale of Urea) <b>NFL</b> - ₹1,643.01 Lakh (Ammonia & Spares) <b>FCIL</b> - ₹1854.37 Lakh <b>GAIL</b> - ₹24,788.12 Lakh (gas purchase) & ₹3,215.85 Lakh (compressor charges incl. tax)





e)	Date of approval by Board	<ul style="list-style-type: none"><li>- Board approvals dated 14<sup>th</sup> January, 2016 &amp; 8<sup>th</sup> March, 2016; the subsequently ratified by the Audit Committee on 13<sup>th</sup> November, 2017.</li><li>- Audit Committee &amp; Board approved the Marketing Agreement with NFL at their respective meetings held on 17<sup>th</sup> August, 2018 and shareholders approved the same at EGM held on 18<sup>th</sup> August, 2018.</li><li>- Board at its 54<sup>th</sup> Meeting held on 10<sup>th</sup> March, 2021 approved the procurement of additional quantity of 1100 MT Liquid Ammonia from M/s National Fertilizers Limited.</li><li>- During the year, Board at its 53<sup>rd</sup> Meeting held on 22<sup>nd</sup> January, 2021 has reviewed and approved the revised project cost and additional equity of Rs. 1,854.37 Lakhs to be issued to FCIL as consideration of leasehold land, as per terms of SSSHA.</li><li>- Board had approved the Gas Supply Agreement with M/s GAIL (India) Limited at its 25<sup>th</sup> Meeting held on 13<sup>th</sup> November, 2017.</li><li>- Board at its 54<sup>th</sup> Meeting held on 10<sup>th</sup> March, 2021 has approved procurement of heat exchanger (E-3432 A/B) from NFL at its Written Down Value (WDV) of Rs. 7.83 Lakh or assessed value by the surveyor whichever is higher. The transaction was not accounted for in the Financial Year 2020-21 and the same would appear in the Financial Statements of 2021-22.</li></ul>
f)	Amount paid as advances, if any	NIL

3. Details of contracts or arrangements not in the ordinary course of business. NIL

**For and on behalf of the Board**

**Place :** Noida  
**Date :** 15.09.2021

Sd/-  
**(Virendra Nath Datt)**  
**Chairman**  
**DIN: 07823778**





## Annexure C

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. A brief outline of the Company's CSR policy:

The Company's CSR Policy lays out the vision and objectives to enhance value creation in the society and in the community in which Company operates, through its products, services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a Socially Responsible Corporate, with concern for ecology. The projects shall be undertaken within the broad framework of Schedule VII to the Companies Act, 2013 read with the Rules made thereunder.

### 2. The composition of the CSR committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee	Number of meetings of CSR Committee attended during the year
1	Shri Sunil Bhatia	Chairman Non-executive and Non-independent Director	1	1
2	Shri Niranjana Lal*	Member Non-executive and Non-independent Director	1	N.A.
3	Shri Nirlep Singh Rai	Member Non-executive and Non-independent Director	1	1**

\*Not applicable since he was inducted as a Member of CSR Committee with effect from 10<sup>th</sup> March, 2021 i.e. subsequent to the date of the Meeting held on 28<sup>th</sup> July, 2020.

\*\*Attended the aforesaid Meeting as CEO, RFCL and subsequently got inducted as Member of the Committee with effect from 10<sup>th</sup> March, 2021.

### 3. the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://rfcl.co.in/csr.php>

### 4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Not Applicable

### 6. Average net profit of the Company as per section 135(5) : Nil

- Two percent of average net profit of the company as per section 135(5) : Nil
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil





- (c) Amount required to be set off for the financial year, if any: Nil  
(d) Total CSR obligation for the financial year (7a+7b-7c): Nil
8. (a) CSR amount spent or unspent for the financial year: Nil  
(b) Details of CSR amount spent against ongoing projects for the financial year: Nil  
(c) Details of CSR amount spent against other than ongoing projects for the financial year: Nil  
(d) Amount spent in Administrative Overheads: Nil  
(e) Amount spent on Impact Assessment, if applicable: Not Applicable  
(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil  
(g) Excess amount for set off, if any : Nil
9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil  
(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil
10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**  
Not Applicable
- (a) Date of creation or acquisition of the capital asset(s).  
(b) Amount of CSR spent for creation or acquisition of capital asset.  
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.  
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Not Applicable**

There was no income generated from business operations and thus Company has not made any profit. Therefore, the requirement of making CSR expenditure pursuant to Section 135 (5) of the Act shall not be applicable till the time Company starts making profit.

Sd/-  
**Nirlep Singh Rai**  
CEO & Member, Corporate Social  
Responsibility Committee  
DIN 08725698

Sd/-  
**Sunil Bhatia**  
Chairman, Corporate Social  
Responsibility Committee  
DIN 08259936

Place : New Delhi  
Date : 23.06.2021





Annexure D

## SECRETARIAL AUDIT REPORT

### FORM MR-3

#### For the financial year ended 31st March 2021

{Pursuant to Section 204(1) of the companies Act, 2013 read with rule 9 of the companies (appointment of managerial personnel) rules, 2014}

To,  
The Members  
Ramagundam Fertilizers and Chemical Limited

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

Based on our verification of the Company's Books, Papers, minutes books, form and returns filled and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the Conduct of Secretarial Audit. We hereby report that in our opinion, the Company has during the audit period covering the financial period ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the company has proper board processes and compliance-mechanism in place to the extent in the manner and subject to the reporting made hereinafter;

We have examined the books, papers, minutes' book, forms and return filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provision of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;  
**NOT APPLICABLE.**
- (iii) The Depositories Act, 1996 and the regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act 1992 ('SEBI Act'):- **NOT APPLICABLE**
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, and dealing with Client;
  - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.







- (f) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations 2014
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- (h) The Securities and Exchange Board of India (Buyback of securities) Regulations, 1998
- (vi) Compliances/processes/system under other specific applicable laws (as applicable to the industry) to the Company being submitted to the Board of Directors by the Company Secretary as required under Section 205 of the Act.

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

- (A) Secretarial Standards issued by The Institute of Company Secretaries of India. Generally complied with.
- (B) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015; - **NOT APPLICABLE**

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

**1. Compliance of second proviso to Section 149(1) of Companies Act, 2013 the Company does not have women director on its Board during the financial year.**

**We further report that** the Board of Directors of the Company is required to be constituted as per the provisions of the Companies Act, 2013 with regard to the appointment of Women Director on the Board of the Company. The change in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

**We further report that** the Board of Directors of the Company has now appointed Women Director on its Board as per the provisions of the Companies Act, 2013 on 7th July, 2021

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

All the decision made in the Board/ committee meeting(s) were carried out with unanimous consent of all the Director/Member present during the meeting and dissent, if any, have been duly incorporated in the Minutes.

**We further report that** there seems to be adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has occurred in the Company other than mentioned above.

**For Parveen Rastogi & Co.,  
Company Secretaries,**

**Place :** New Delhi  
**Date :** 14.07.2021  
**UDIN :** F004764C000629762

**Sd/-  
Parveen Rastogi  
COP No.: 2883**





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

CIN : U24100DL2015PLC276753

### Management's Reply to the observations of Secretarial Auditor for the financial year 2020-21

Secretarial Auditors' Observations	Management Reply
<p>Compliance of second proviso to Section 149 (1), the Company does not have a woman director on its Board during the financial year.</p> <p>We further report that the Board of Directors of the Company is required to be constituted as per the provisions of the Companies Act, 2013 with regard to the appointment of Women Director on the Board of the Company. The change in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.</p> <p>We further report that the Board of Directors of the Company has now appointed Women Director on its Board as per the provisions of the Companies Act, 2013 on 7<sup>th</sup> July, 2021</p>	<p>Pursuant to nomination by Engineers India Limited, Smt. Vartika Shukla has been appointed as Additional Director with effect from 7<sup>th</sup> July, 2021 on the Board of Directors of the Company.</p>





Main Control Room





## INDEPENDENT AUDITOR'S REPORT

TO  
THE MEMBERS OF,  
**RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED**, which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, Statement of changes in equity and the Statement of Cash Flows for the year then ended, and a notes to the financial statement, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its Loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirement that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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.

#### Other Matters

Due to Covid Pandemic, travel advisories issued and lockdowns induced by the government, we have not visited the Plant of the Company situated at Ramagundam, Telangana due to which, we were unable to physically verify the Fixed Assets capitalised during the year and Inventories held by the company. Further, the Company had run the plant successfully in March 2021 as informed for trial production. In view of our non-visit to the plant during the trial run and also there after due to Covid, we have relied upon the documents, records & explanations provided by the management in this regard.

Our Report is not qualified in this matter.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records







in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.







## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (5) of the Act, we have considered the directions & sub-directions issued by the Comptroller & Auditor General of India. We give our report in the attached Annexure "B".
3. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Lunawat & Co.**

Chartered Accountants

F R No. 000629N

Sd/-

**CA. Ramesh K Bhatia**

Partner

M. No. 080160

**Place : DELHI**

**Date : 01.06.2021**

UDIN No.: 21080160AAAACN8458





## Annexure “A”

**The Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date to the financial statements of the company for the period 1<sup>st</sup> April’ 2020 to 31<sup>st</sup> March’2021.**

**We report that:-**

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to us, the Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of fixed assets has been carried out by the management during the year. We are informed that discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.  
(c) As per information & explanation given by the management title deed of immovable properties are held in the name of the Company as at the balance sheet date that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- ii. As explained to us, the physical verification of the inventory has been carried out by the management in accordance with the perpetual inventory programme, at regular intervals during the year. The discrepancies noticed have been properly dealt within the books of account.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), iii (b) and iii(c) of the order are not applicable to the Company.
- iv. In respect of loans, investments, guarantees, and security, necessary provision of section 185 & 186 of the Companies Act, 2013 have been complied with where ever applicable on the company.
- v. The Company has not accepted any deposits in violation of sections 73 to 76 of the Companies Act, 2013. Accordingly, direction issued by RBI and the provisions of sections 73 to 76 or any other relevant provisions of the Company Act, 2013 and the rules framed there under are not applicable.
- vi. As per information & explanation given by the management, Company is not covered under maintenance of cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 as company has completed its construction during this year and this year is 1<sup>st</sup> year of commercial production.
- vii. (a) According to the records of the company, undisputed statutory dues including, Provident fund, Employees’ State insurance, Income tax, Goods & Service tax, Custom Duty, Cess and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2021 for a period of more than six months from the date they became payable.





(b) According to the information and explanations given to us, the particulars of the disputed dues as at 31<sup>st</sup> March, 2021 which have not been deposited on account of matters pending before appropriate authorities are as under:

Name of Statute	Nature of Dues	Amount Involved (Rs. in lakhs)	Period to which the amount relates
Income Tax Act, 1961	Income Tax	29.26	A.Y.2018-19

viii. In our opinion and according to the information & explanation given by the management, the Company has not defaulted in repayment of loans or borrowings to banks.

ix. The Company has raised moneys from term loans which were applied for the purpose for which those were raised. However, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

x. In our opinion and according to the information and explanation given to us, no case of fraud by the company or by its officers or employees has been noticed or reported during the period under audit.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The company is not a Nidhi Company, hence provision of clause 3 (xii) of the order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company

xvi. The Company is not required to register under section 45-IA of the Reserve Bank of India Act 1934.

**For Lunawat & Co.**  
Chartered Accountants  
F R No. 000629N

Sd/-  
**CA. Ramesh K Bhatia**  
Partner  
M. No. 080160

**Place :** DELHI  
**Date :** 01.06.2021





## **Annexure“B”**

### **COMPLIANCE CERTIFICATE**

We have conducted the audit of accounts of Ramagundam Fertilizers and Chemicals Limited for the period 1<sup>st</sup> April' 2020 to 31<sup>st</sup> March' 2021 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us.

**For Lunawat & Co.**  
Chartered Accountants  
F R No. 000629N

Sd/-  
**CA. Ramesh K Bhatia**  
Partner  
M. No. 080160

**Place:**DELHI  
**Date** : 01.06.2021

Enclosed: Directions and Sub-Direction u/s 143(5) are attached.





रामगुण्डम फर्टिलाइजर्स एंड केमिकल्स लिमिटेड



## AUDIT REPORT OF RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED FOR THE PERIOD 01/04/2020 TO 31/03/2021 PURSUANT TO DIRECTIONS/SUB-DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT 2013

### Directions for the year 2020-21

1. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

As informed to us, all accounting transactions are processed through company owned IT System (Oracle accounting system).

2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of Lender Company).

There is no such case of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. by any lender to the company.

3. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.

There are no cases of fund received for specific schemes from central/state agencies.

For fund receivable from The State Government of Telangana, against reimbursement of Stamp Duty paid for registration of lease deed and indenture of mortgage, have been recorded properly in books of accounts as per prevailing terms and condition.

**For Lunawat & Co.**  
Chartered Accountants  
F R No. 000629N

Sd/-  
**CA. Ramesh K Bhatia**  
Partner  
M. No.080160

Place : DELHI  
Date : 01.06.2021







## ANNEXURE “C” TO THE INDEPENDENT AUDITOR’S REPORT

### Report on the Internal Financial Controls Over Financial Reporting under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED** as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.





A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Lunawat & Co.**  
Chartered Accountants  
F R No. 000629N

Sd/-  
**CA. Ramesh K Bhatia**  
Partner  
M. No. 080160  
UDIN : 20180160AAAACN8458

**Place :** DELHI  
**Date :** 01.06.2021





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2021

(Rupees in lakhs)

	Notes	As at 31 <sup>st</sup> March 2021	As at 31 <sup>st</sup> March 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	533,942.04	13,437.62
Right-of-use assets	5	19,814.50	18,108.37
Capital work-in-progress	4	17,972.08	401,777.78
Intangible assets	6	19.44	13.78
Intangible assets under development	7	521.85	2.83
Financial assets			
- Loans	8	628.76	648.13
- Other financial assets	9	1,527.18	-
Deferred tax assets	34	1,257.93	-
Other non-current assets	10	2,160.75	44,073.33
<b>Total non-current assets</b>		<b>577,844.53</b>	<b>478,061.84</b>
<b>Current assets</b>			
Inventories	11	3,966.64	-
Financial assets			
- Trade receivables	12	89.43	-
- Cash and cash equivalents	13	2,405.76	14,529.44
- Other bank balances	14	146.76	139.61
- Loans	8	45.95	28.55
- Other financial assets	9	4,381.03	6,620.53
Current tax assets	15	603.83	104.67
Other current assets	16	2,586.51	807.07
<b>Total current assets</b>		<b>14,225.91</b>	<b>22,229.87</b>
<b>Total Assets</b>		<b>592,070.44</b>	<b>500,291.71</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	17	167,630.47	129,912.46
Other equity			
- Reserves and surplus	18.a	(11,525.71)	(6,787.00)
- Share application money pending allotment	18.b	-	8,500.01
<b>Total equity</b>		<b>156,104.76</b>	<b>131,625.47</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	19	379,235.49	339,920.18
- Lease liability	23	18.02	82.54
Provisions	25	359.08	157.98
Deferred government grant	20	4,406.74	4,751.06
<b>Total non-current liabilities</b>		<b>384,019.33</b>	<b>344,911.76</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	19	15,544.73	-
- Trade Payables	21	-	-
- Other financial liabilities	22	32,675.18	18,711.63
- Lease liability	23	1,910.89	4,606.21
Other current liabilities	24	1,797.92	435.07
Provisions	25	17.63	1.57
Current tax liabilities	26	-	-
<b>Total current liabilities</b>		<b>51,946.35</b>	<b>23,754.48</b>
<b>Total liabilities</b>		<b>435,965.68</b>	<b>368,666.24</b>
<b>Total equity and liabilities</b>		<b>592,070.44</b>	<b>500,291.71</b>
Significant Accounting Policies	1		
Critical estimates and judgements	2		

The accompanying note number 1 to 44 form an integral part of these financial statements.

For and on behalf of the Board of Directors				
Sd/- <b>Pratibha Aggarwal</b> Company Secretary PAN: AEAPA8538D	Sd/- <b>Inder Chawla</b> CFO PAN : AACPC1855H	Sd/- <b>Nirlep Singh Rai</b> CEO & Director DIN : 08725698	Sd/- <b>Sunil Bhatia</b> Director DIN: 08259936	Sd/- <b>Virendra Nath Datt</b> Director DIN: 07823778

As per our report of even date attached  
**For Lunawat & Co.**  
 Chartered Accountants  
 Firm Reg No. 000629N

Sd/-  
**Ramesh K. Bhatia**  
 Partner  
 Membership No. 080160

Place: New Delhi  
 Date : 01.06.2021





रामगुण्डम फर्टिलाइजर्स एंड केमिकल्स लिमिटेड



## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2021

		(Rupees in lakhs)	
	Notes	Year ended 31 <sup>st</sup> March 2021	Year ended 31 <sup>st</sup> March 2020
<b>Income</b>			
Revenue from operations	27	-	-
Other income	28	1,042.01	873.52
<b>Total income (A)</b>		<b>1,042.01</b>	<b>873.52</b>
<b>Expenses</b>			
Cost of material consumed		-	-
Employee benefits expense	29	135.59	59.86
Power & Fuel	30	630.60	0.58
Depreciation and amortisation	31	695.90	3.74
Other expenses	32	4,745.94	3,999.28
Finance costs	33	789.90	627.90
<b>Total expenses (B)</b>		<b>6,997.93</b>	<b>4,691.36</b>
<b>Profit / ( Loss) before tax C=(A-B)</b>		<b>(5,955.92)</b>	<b>(3,817.84)</b>
<b>Income tax expense(D)</b>	<b>34</b>		
Current tax		-	-
Deferred tax		(1,257.93)	-
<b>Profit / (Loss) for the year E=(C-D)</b>		<b>(4,697.99)</b>	<b>(3,817.84)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss (Net of Tax of Rs. Nil)		(0.16)	(0.11)
<b>Other comprehensive income for the year, net of tax (F)</b>		<b>(0.16)</b>	<b>(0.11)</b>
<b>Total comprehensive income for the year G=(E+F)</b>		<b>(4,698.15)</b>	<b>(3,817.95)</b>
Earnings / (Loss) per equity share of Rs. 10 each			
Basic earnings / (Loss) per share Rs. / Share	35	(0.29)	(0.32)
Diluted earnings / (Loss) per share Rs. / Share	35	(0.29)	(0.32)
Significant Accounting Policies	1		
Critical estimates and judgements	2		

The accompanying note number 1 to 44 form an integral part of these financial statements.

For and on behalf of the Board of Directors				
Sd/- <b>Pratibha Aggarwal</b> Company Secretary PAN: AEAPA8538D	Sd/- <b>Inder Chawla</b> CFO PAN : AACPC1855H	Sd/- <b>Nirlep Singh Rai</b> CEO & Director DIN : 08725698	Sd/- <b>Sunil Bhatia</b> Director DIN: 08259936	Sd/- <b>Virendra Nath Datt</b> Director DIN: 07823778

As per our report of even date attached  
For Lunawat & Co.  
Chartered Accountants  
Firm Reg No. 000629N

Sd/-  
**Ramesh K. Bhatia**  
Partner  
Membership No. 080160

Place: New Delhi  
Date : 01.06.2021





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Statement of cash flows

	Year ended 31 <sup>st</sup> March 2021	(Rupees in lakhs) Year ended 31 <sup>st</sup> March 2020
<b>Cash flow from operating activities</b>		
<b>Profit / (loss) before income tax</b>	(5,955.92)	(3,817.84)
Adjustment for :		
Interest income classified as investment cash flow	(303.29)	(140.02)
Dividend income classified as investment cash flow	-	(8.12)
Amortisation of deferred government grant	(344.32)	(302.47)
Interest income on government grant measured at FVTPL	(242.02)	(265.71)
Depreciation/amortisation	695.90	3.74
Finance costs under deferred payment & lease	7.36	627.90
Provision for employee benefits	10.65	5.26
Provision for damage due to flood	(14.60)	(65.23)
Exchange rate variation	57.15	229.36
<b>Operating profit before working capital changes</b>	<b>(6,089.09)</b>	<b>(3,733.13)</b>
<b>Adjustment for:</b>		
(Increase)/Decrease in current other financial assets	2,481.52	(2,280.73)
(Increase)/Decrease in current loans	(17.40)	(4.07)
(Increase)/Decrease in other current assets	(1,779.44)	(774.76)
(Increase)/Decrease in other bank balances	(7.15)	(8.50)
(Increase)/Decrease in trade receivables	(89.43)	-
(Increase)/Decrease in inventory	(3,966.64)	-
Increase/(Decrease) in provisions	227.81	134.80
Increase/(Decrease) in other financial liabilities	13,963.54	(84.93)
Increase/(Decrease) in other current liabilities	1,362.85	107.90
Direct tax paid (net of tax refund)	(406.44)	-
<b>Cash generated from operations</b>	<b>5,680.13</b>	<b>(6,643.42)</b>
<b>Net cash from / (used in) operating activities</b>	<b>5,680.13</b>	<b>(6,643.42)</b>
<b>Cash flow from investing activities</b>		
Capital expenditure on fixed assets, work in progress (Including capital advances)	(69,112.53)	(50,234.86)
Current investment	-	6,237.31
Dividend income	-	8.12
Interest income on short term deposits with banks (net of TDS)	210.58	96.83
<b>Net cash from / (used in) investing activities</b>	<b>(68,901.95)</b>	<b>(43,892.60)</b>
<b>Cash flow from financing activities</b>		
Proceeds from equity share capital - cash	33,228.01	25,144.61
Proceeds from share application money	(8,500.01)	8,500.01







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## ANNUAL REPORT | 2020 - 2021

### Statement of Cash flows (Contd.)

Proceeds from long term borrowings	54,860.04	44,671.95
Principal portion of lease payment	(145.28)	(162.84)
Interest portion of lease payment	(12.83)	(7.28)
Finance cost	(28,291.23)	(27,680.38)
Share issue expenses	(40.56)	(28.62)
<b>Net cash from / (used in) financing activities</b>	<b>51,098.14</b>	<b>50,437.45</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(12,123.68)</b>	<b>(98.57)</b>
Cash and cash equivalents at the beginning of the year	14,529.44	14,628.01
<b>Cash and cash equivalents at the end of the year</b>	<b>2,405.76</b>	<b>14,529.44</b>
<b>Reconciliation of Cash and cash equivalents balances with the Balance Sheet:</b>		
<b>Cash and cash equivalents as per above comprise of the following:</b>		
- In current accounts	91.50	1,305.13
- Term Deposits having original maturity less than 3 months {including interest accrued Rs. 9.26 lakhs, (P.Y. Rs. 24.31 lakhs)}	2,314.26	13,224.31
<b>Total</b>	<b>2,405.76</b>	<b>14,529.44</b>
Balances as per statement of cash flows	2,405.76	14,529.44
Significant Accounting Policies	1	
Critical estimates and judgements	2	

The accompanying note number 1 to 44 form an integral part of these financial statements.

For and on behalf of the Board of Directors				
Sd/- <b>Pratibha Aggarwal</b> Company Secretary PAN: AEAPA8538D	Sd/- <b>Inder Chawla</b> CFO PAN : AACPC1855H	Sd/- <b>Nirlep Singh Rai</b> CEO & Director DIN : 08725698	Sd/- <b>Sunil Bhatia</b> Director DIN: 08259936	Sd/- <b>Virendra Nath Datt</b> Director DIN: 07823778

As per our report of even date attached  
For Lunawat & Co.  
Chartered Accountants  
Firm Reg No. 000629N

Sd/-  
**Ramesh K. Bhatia**  
Partner  
Membership No. 080160

Place: New Delhi  
Date : 01.06.2021





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Statement of changes in equity for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

### a) Equity Share Capital

<b>Balance as at 1<sup>st</sup> April 2019</b>	<b>101,898.22</b>
Changes in equity share capital during the year- for cash	25,144.61
Changes in equity share capital during the year - for consideration other than cash	2,869.63
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>129,912.46</b>
Changes in equity share capital during the year- for cash	33,228.01
Changes in equity share capital during the year - for consideration other than cash	4,490.00
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>167,630.47</b>

### b) Other equity

	Share application money pending allotment	Reserves and surplus (Retained earnings)	Total (Other Equity)
<b>Balance as at 1<sup>st</sup> April 2019</b>	-	<b>(2,940.43)</b>	<b>(2,940.43)</b>
Profit / (Loss) for the year	-	(3,817.84)	(3,817.84)
Other comprehensive income / (expense)	-	(0.11)	(0.11)
<b>Total comprehensive income</b>	-	<b>(3,817.95)</b>	<b>(3,817.95)</b>
Share issue expenses	-	(28.62)	(28.62)
<b>Transaction with owners in their capacity of owners</b>			
Add: Share application money received	33,644.62	-	33,644.62
Less: Allotment of equity shares	25,144.61	-	25,144.61
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>8,500.01</b>	<b>(6,787.00)</b>	<b>1,713.01</b>
Profit / (Loss) for the year	-	(4,697.99)	(4,697.99)
Other comprehensive income / (expense)	-	(0.16)	(0.16)
<b>Total comprehensive income</b>	-	<b>(4,698.15)</b>	<b>(4,698.15)</b>
Share issue expenses	-	(40.56)	(40.56)
<b>Transaction with owners in their capacity of owners</b>			
Add: Share application money received	24,728.00	-	24,728.00
Less: Allotment of equity shares	33,228.01	-	33,228.01
<b>Balance as at 31<sup>st</sup> March 2021(A+B+C+D-E)</b>	<b>-</b>	<b>(11,525.71)</b>	<b>(11,525.71)</b>
Significant Accounting Policies	1		
Critical estimates and judgements	2		

The accompanying note number 1 to 44 form an integral part of these financial statements.

For and on behalf of the Board of Directors				
Sd/- <b>Pratibha Aggarwal</b> Company Secretary PAN: AEAPA8538D	Sd/- <b>Inder Chawla</b> CFO PAN: AACPC1855H	Sd/- <b>Nirlep Singh Rai</b> CEO & Director DIN: 08725698	Sd/- <b>Sunil Bhatia</b> Director DIN: 08259936	Sd/- <b>Virendra Nath Datt</b> Director DIN: 07823778

As per our report of even date attached  
For Lunawat & Co.  
Chartered Accountants  
Firm Reg No. 000629N

Sd/-  
**Ramesh K. Bhatia**  
Partner  
Membership No. 080160

Place: New Delhi  
Date: 01.06.2021





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> March 2021

### Company Overview and Significant Accounting Policies Brief Background of the Company

Ramagundam Fertilizers and Chemicals Limited is a public company limited by shares, incorporated and domiciled in India. The Company is a joint venture promoted by National Fertilizers Limited, Engineers India Limited and Fertilizers Corporation of India Limited and is formed for setting up new Ammonia-Urea complex at Ramagundam, Telangana, India. During FY 2020-21, company has declared its Commercial Operation on 22<sup>nd</sup> March, 2021

The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 28<sup>th</sup> May, 2021.

### Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### (a) Basis of preparation

##### (i) Compliance with Ind AS

The financial statements prepared on accrual basis, as going concern comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended) and other relevant provisions of the Act.

##### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and contingent consideration that are measured at fair value.

#### (b) Segment reporting

Company neither engaged in nor operated in economic environment requiring evaluation of the nature and financial effect thereof on business activities. Company is operating in a single segment of urea manufacturing hence, segment reporting is not applicable.

#### (c) Foreign currency translation

##### (i) 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 entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.





(ii) Transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in statement of profit and loss.

**(d) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws, that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

**(e) Leases**

***The Company as a lessee***

The Company's lease asset classes primarily consist of leases for land, vehicle and office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.





The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and estimated restoration costs of the underlying asset where applicable. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the Company. Lease liabilities are remeasured to reflect any re-assessment, lease modification, or revised in-substance fixed lease payments, with a corresponding adjustment to the related right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities and ROU assets are separately presented in the Balance Sheet and lease payments are classified as financing cash flows.

### ***The Company as a lessor***

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

## **(f) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **(g) Investments and other financial assets**

### ***(i) Classification***

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those measured at amortized cost.







The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### (ii) *Measurement*

**At initial recognition**, the Company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, at its fair value including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**Subsequent measurement** of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other income in the period in which it arises. Interest income from these financial assets is included in other income.

### (iii) *Impairment of financial assets*

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note details how the Company determines whether there has been a significant increase in credit risk.





(iv) *Derecognition of financial assets*

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

(v) *Income recognition*

**Interest income**

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses.

**Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

**(h) Property, plant and equipment**

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for, as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**(i) Capital work in progress**

- Expenditure incurred during the construction period and directly attributable to the construction activity are capitalized as capital work in progress and allocated to the fixed assets at the time of Capitalization of the project.





- Income pertaining to construction period such as interest earned on short term deposits attributable to the subordinate debt and advance provided to the project contractors and urea sale during trial run is adjusted against the Expenditure During Construction.
- Claims including price variations are accounted for on acceptance.
- Price reduction is accounted for on settlement of final bill and deducted from cost.
- Where final settlement of bills and applicability of price reduction with contractors is yet to be effected, capitalization/capital work in progress is done on provisional basis with price reduction on provisional basis subject to necessary adjustment in the year of final settlement.

### (j) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, which is aligned to useful life specified under Schedule II of Companies Act, 2013 except following categories of assets for which useful life is different from schedule II is adopted by the company:

Aset Type	Useful Life in Years
Mandatory Spares	2
Catalyst, White Chemicals	5
Refractory	8
Batteries, UPS, Illumination, Mandatory Spares	10
EOT Cranes, Hoists, Instrumentation, Reformers, Analysers, Railway Siding, DCS System, AAQMS, Control Valves	15
Exchangers, Pumps, Compressors	20
Columns, Vessels, Package Items, Tanks, Reactors etc.	25
Electrical Equipment	25

For significant part of Plant and Machinery, railway sidings, Computer and data processing units' residual value of five percent, rupee one in respect of other fixed assets except Nil for assets where company has no ownership rights.

Buildings constructed over leasehold land are depreciated at the estimated useful life, as specified under schedule II of the Companies Act, 2013 except for which useful life is different from schedule II is adopted by the company & tabulated below –

Asset Type	Useful Life in Years
Old Buildings	10
Old Refurbished Buildings	15
Other Plant buildings	30

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and the residual of Rupee one is retained.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.





## (k) Intangible assets and Intangible assets under development

### (i) Computer software

All items of Intangible Assets are stated at historical cost less amortization. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

### (ii) Amortization methods and periods

Software, which is not integral part of the related hardware, is treated as intangible assets and amortized on straight-line method over a period of five years or its license period whichever is less.

The assets' residual useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### (iii) Intangible assets under development - Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till ready for their intended use.

## (l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## (m) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## (n) Earnings per share

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners
- by the weighted average number of equity shares outstanding during the financial year

### (ii) Diluted earnings per share

Diluted earnings per share is calculated by dividing:

- the profit attributable to owners
- by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.





### (o) Provisions, contingent liabilities and contingent assets

Provisions (other than employee benefits) are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

### (p) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset incurred during the period of time that is required to complete and prepare the asset for its intended use or sale are capitalized. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the statement of Profit and Loss Account in the period in which they are incurred.

### (q) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down.

### (r) Government Grants

Government Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with by the company.

Government grants relating to income are deferred and recognized in the statement of profit & loss over the period necessary to match them with the cost that they are intended to compensate and presented within other income.







Government grants relating to the capital assets are included in non-current liabilities as deferred income and are credited to profit and loss on a straight line basis over the expected lives of the related assets and presented within other income.

## (s) Employee benefits

### (a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as employee benefits payable (under other financial liability) in the balance sheet.

### (b) Other long-term employee benefits obligations

The Company provides following long term benefits:

#### i) Leave Encashment (Earned Leave/Sick Leave/Half Pay Leave).

The liability for Leave encashment is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the financial reporting period using the projected unit credit method as calculated by Actuary. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

### (c) Post-employment obligations

The Company operates the following post-employment schemes:

#### (i) Defined benefit plans such as gratuity, and post retirement settlement benefits.

#### (ii) Defined contribution plan such as provident fund.

### Defined Benefit Obligations

The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. 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 liability recognized in the balance sheet in respect of defined benefit obligations) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any.

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 benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income.

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.





### Defined contribution plan (Provident Fund)

The company pays provident fund contribution to Regional provident fund. The company has no further payment obligation once the contributions have been paid. The contribution are accounted for as defined contribution plan and is recognized as employee benefits expense on accrual basis.

### (t) Claims

Pending settlement, claims made on underwriters / others as assessed by the Company are accounted for when there is probability of ultimate collection.

### (u) Impairment of Non- Financial Assets

Non- Financial Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (v) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### (w) Inventories - Raw materials and stores, work in progress, packaging material and finished goods

Raw materials, packaging materials and stores and spares are stated at the lower of weighted average cost and net realisable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Finished and semi-finished goods are valued at lower of weighted average cost and net realizable value based on the applicable Concession/Sale Price.

### (x) Revenue

Revenue is recognized net of returns, trade allowances, rebates etc. when performance obligation is satisfied by transferring control of goods or services (i.e. an asset) to a customer and it is probable to collect the consideration.

### (y) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to the financial statements for the year ended 31<sup>st</sup> March 2021

#### Note 2: Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items, which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- Estimated useful life of Property Plant and Equipment and Intangible Assets — Note 1(h)
- Recognition of deferred tax assets- Note 1(d)
- Insurance claim - Note 1(t)
- Post-Employment benefits Note 1(s)
- Realization of government grant from state government of Telangana Note 1(r).
- Realization of fiscal incentive from state government of Telangana Note 3.
- Lease term- Note 1 (e)
- Price subsidy is recognized based on NIP-2012 policy notified by the government under which delivered gas price is considered.
- Freight Subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notification.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### 3. Property, plant and equipment

	Land - Leasehold*	Building-on lease hold land	Plant and machinery	Railway Siding	EDP Equipment	Furniture & Fixtures	Electrical Installations	Office Equipment	Other Equipment	Total
<b>(Rupees in lakhs)</b>										
<b>As at 31<sup>st</sup> March 2020</b>										
Gross carrying amount	14,057.56	695.33	273.74	-	134.99	111.60	839.17	247.88	188.85	16,549.12
Opening gross carrying amount	-	-	-	-	-	-	-	-	-	-
Adjustment to carrying cos	(14,057.56)	-	-	-	-	-	-	-	-	(14,057.56)
Impact of adoption of Ind AS 116*	-	-	7,695.87	-	29.91	39.95	4,615.98	78.65	105.96	12,566.32
Additions (Refer 1)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	-	<b>695.33</b>	<b>7,969.61</b>	-	<b>164.90</b>	<b>151.55</b>	<b>5,455.15</b>	<b>326.53</b>	<b>294.81</b>	<b>15,057.88</b>
Accumulated depreciation										
Balance as at the beginning of the year	484.33	35.08	42.10	-	66.42	29.79	194.40	93.66	33.22	979.00
Depreciation during the year	-	15.02	425.69	-	30.54	20.56	531.91	61.15	40.72	1,125.59
Impact of adoption of Ind AS 116*	(484.33)	-	-	-	-	-	-	-	-	(484.33)
<b>Closing accumulated depreciation</b>	-	<b>50.10</b>	<b>467.79</b>	-	<b>96.96</b>	<b>50.35</b>	<b>726.31</b>	<b>154.81</b>	<b>73.94</b>	<b>1,620.26</b>
<b>Net carrying amount</b>	-	<b>645.23</b>	<b>7,501.82</b>	-	<b>67.94</b>	<b>101.20</b>	<b>4,728.84</b>	<b>171.72</b>	<b>220.87</b>	<b>13,437.62</b>
<b>As at 31<sup>st</sup> March 2021</b>										
Gross carrying amount	-	695.33	7,969.61	-	164.90	151.55	5,455.15	326.53	294.81	15,057.88
Opening gross carrying amount	-	-	-	-	(5.65)	(9.51)	(0.01)	(1.70)	(0.12)	(16.99)
Adjustment to carrying cost	-	-	-	-	66.13	35.22	2,980.82	59.75	15,686.35	522,838.66
Additions	-	61,244.57	438,018.34	4,747.48	(0.64)	-	-	-	-	(0.64)
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	-	<b>61,939.90</b>	<b>445,987.95</b>	<b>4,747.48</b>	<b>224.74</b>	<b>177.26</b>	<b>8,435.96</b>	<b>384.58</b>	<b>15,981.04</b>	<b>537,878.91</b>
Accumulated depreciation										
Balance as at the beginning of the year	-	50.10	467.79	-	96.96	50.35	726.31	154.81	73.94	1,620.26
Adjustment to carrying cos	-	-	-	-	(0.18)	(9.51)	(0.01)	(1.68)	(0.02)	(11.40)
Depreciation during the year	-	452.60	1,040.37	7.41	31.66	17.57	589.02	67.55	122.44	2,328.62
Disposals	-	-	-	-	(0.61)	-	-	-	-	(0.61)
<b>Closing accumulated depreciation</b>	-	<b>502.70</b>	<b>1,508.16</b>	<b>7.41</b>	<b>127.83</b>	<b>58.41</b>	<b>1,315.32</b>	<b>220.68</b>	<b>196.36</b>	<b>3,936.87</b>
<b>Net carrying amount</b>	-	<b>61,437.20</b>	<b>444,479.79</b>	<b>4,740.07</b>	<b>96.91</b>	<b>118.85</b>	<b>7,120.64</b>	<b>163.90</b>	<b>15,784.68</b>	<b>533,942.04</b>

\*Pursuant to transitional requirement under IND-AS 116 (Leases), the carrying amount of lease hold land has been disclosed as "Right-of-use asset" in Note No 5 from April 1, 2019.

1. Company has requested to State Government of Telangana (SGOT) to provide water and power connectivity and to recover its cost from the fiscal incentives for which the Company shall be eligible post commercial production. The above facilities have been provided by the SGOT during FY 2019-20. These assets are lying outside the plant boundaries and the Company does not have ownership of these assets. SGOT is yet to finalize and inform cost of these assets to RFCL, therefore cost of these assets have been internally estimated, pending intimation of actual cost. The capitalisation value of these assets and discounted value of these liabilities shall be restated on receipt of intimation of cost from SGOT and also on finalization of nomenclature with expected receipts of fiscal incentive by SGOT.





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### 4. Capital work-in-progress

(Rupees in lakhs)

		31-Mar-21	31-Mar-20
(i) Basic design and engineering fees and Technical knowhow		14,325.40	7,395.16
(ii) Contracts		1,84,277.67	1,57,355.89
(iii) Procurements		1,79,903.26	1,52,046.58
(iv) Engineering, Procurement and Construction Management Fees		22,401.20	16,957.63
(v) Material in transit / under inspection		-	57.74
(vi) Commissioning / Trial run expenses *	40,324.60		4,998.45
Less: Revenue from sale of finished product	88.69	40,235.91	-
(vii) Capital stores		-	124.66
(viii) Interest on Term loan & Finance Cost (refer 1)		75,522.41	48,008.25
<b>(ix) Expenditure during Construction pending allocation</b>			
Opening balance	13,859.29		8,162.03
<b>Add:</b> Rent	89.23		25.40
Professional consultancy fees	270.55		148.26
Rates & taxes	11.66		0.27
Advertisement	20.05		22.48
Electricity	12.48		10.75
Salary and wages			
a) RFCL employees	2,665.56		1,906.96
b) Reimbursement to EIL/NFL for employees on deputation/secondment	2,423.94		1,379.19
c) Outsourced	978.29		554.57
Bank charges	29.57		34.09
Travelling & Conveyance	105.72		315.52
Handling & Freight charges	161.56		42.53
Depreciation and amortisation	1,979.65		1,442.81
Guest house expenses	46.04		55.34
Genset running expenses	6.34		28.69
Consumables for precommissioning	685.40		-
Others	371.17		127.10







## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

<b>Less: Other capital receipts</b>			
Income from short-term investments	120.29		216.77
Interest on other advances	141.57		127.75
Other misc. income	0.64		5.15
Unwinding of Interest accrued on security deposit	4.16		3.34
<b>Less: Expenditure during Construction period capitalised</b>	-	23,449.84	43.69
			13,859.29
<b>Sub Total ( i + ii + iii + iv + v + vi + vii+viii+ix)</b>		<b>5,40,115.69</b>	<b>4,00,803.65</b>
<b>Less: Provision for damage of material due to flood</b>		-	(974.13)
<b>Grand Total</b>		<b>5,40,115.69</b>	<b>4,01,777.78</b>
<b>Movement of Capital Work in Progress:</b>			
Balance as at the beginning of the year		4,01,777.78	3,25,992.81
Add: Additions during the year		1,38,337.91	77,523.69
Less: Capitalised during the year		5,22,143.61	1,738.72
<b>Balance as at the end of the year</b>		<b>17,972.08</b>	<b>4,01,777.78</b>

\* Net of compression cost of Rs 2,690.37 lakhs P.Y. Rs. 1,262.03 lakhs (excluding GST) on actual basis from M/s GSPL India Transco Limited (GITL) and the same amount is recoverable from M/s GAIL (India) Limited on actual reimbursement basis.

(1) Chargeable interest rate is linked to yearly MCLR with reset on 1<sup>st</sup> April every year. During current financial year applicable weighted average rate of interest was 8.10% p.a. P.Y. 8.87% p.a.

Expense head of Capital work in progress for the year includes GST / Central Excise / Service Tax of Rs 42,007.99 lakhs for the period upto Financial Year 2019-20, earlier considered as Duties & Taxes (Input Credit) Reversed during current year. Duties & Taxes relating to F.Y. 2020-21 considered as CWIP during F.Y. 2020-21.





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### 5. Right-of-use assets

(Rupees in lakhs)

	Leasehold Land - FCIL*	Office premises	Vehicle	Leasehold land-Railway	Total
<b>As at 31<sup>st</sup> March 2020</b>					
Gross carrying amount					
As at 1 <sup>st</sup> April 2019					
Impact of adoption of Ind AS 116 (Refer note 3 - PPE)	14,057.56	-	-	-	14,057.56
Additions	4,489.00	257.05	-	104.54	4,850.59
Disposals	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>18,546.56</b>	<b>257.05</b>	<b>-</b>	<b>104.54</b>	<b>18,908.15</b>
Accumulated depreciation					
<b>As at 1<sup>st</sup> April 2019</b>					
Impact of adoption of Ind AS 116 (Refer note 3 - PPE)	484.33	-	-	-	484.33
Depreciation during the year	174.45	91.23	-	49.77	315.45
Disposals	-	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>658.78</b>	<b>91.23</b>	<b>-</b>	<b>49.77</b>	<b>799.78</b>
<b>Net carrying amount</b>	<b>17,887.78</b>	<b>165.82</b>	<b>-</b>	<b>54.77</b>	<b>18,108.37</b>
<b>As at 31<sup>st</sup> March 2021</b>					
Gross carrying amount					
As at 1 <sup>st</sup> April 2020	18,546.56	257.05	-	104.54	18,908.15
Additions	1,854.37	52.84	24.40	-	1,931.61
Adjustment **	168.27	(157.93)	-	-	10.34
<b>Closing gross carrying amount</b>	<b>20,569.20</b>	<b>151.96</b>	<b>24.40</b>	<b>104.54</b>	<b>20,850.10</b>
Accumulated depreciation					
As at 1 <sup>st</sup> April 2020	658.78	91.23	-	49.77	799.78
Depreciation during the year	194.75	121.78	2.39	20.88	339.80
Adjustment **	-	(103.98)	-	-	(103.98)
<b>Closing accumulated depreciation</b>	<b>853.53</b>	<b>109.03</b>	<b>2.39</b>	<b>70.65</b>	<b>1,035.60</b>
<b>Net carrying amount</b>	<b>19,715.67</b>	<b>42.93</b>	<b>22.01</b>	<b>33.89</b>	<b>19,814.50</b>

- \* The Company entered into Concession Agreement with Fertilizer Corporation of India Limited (FCIL) on 23rd March, 2016 towards award of right and concession to the Company in regard to facility Area (lease hold land admeasuring approximately 1284 acre) for financing, designing, engineering, procurement, construction, development, operation and maintenance of the project.





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

As per Concession Agreement, the concession period is of 99 years effective Date i.e. 25<sup>th</sup> September, 2015. Lease deed executed on 27<sup>th</sup> November, 2017 and supplementary lease deed signed on 09<sup>th</sup> May, 2018.

In terms of the Shareholders Agreement (SHA), FCIL is to be issued equity shares equal to 11% of equity portion of the capital expenditure of the project. For allocation of effective cost in various assets, Company has adopted residual method, whereby usable assets have been valued from registered valuer, for arriving at cost of leasehold land. Gross carrying amount of leasehold land also includes cost of registration of lease deed.

Till financial year 2019-20 revised project was estimated to Rs. 612,055 Lakhs, to be funded through equity of Rs. 172,163 Lakhs and equity to be issued to FCIL was worked out at Rs. 18,938 lakhs. During the Financial year 2020-21 project cost was revised to Rs. 633,816 lakhs to be funded through equity of Rs 189,025 Lakhs and accordingly additional equity of Rs. 1,854 Lakhs to be issued to FCIL. Thus, total equity issuance to FCIL based on revised project cost will be Rs. 20,793 Lakhs.

The revised consideration of Rs. 20,793 lakhs shall be reworked on the finalisation of project cost and requirement of equity for funding the project cost.

- \*\* Value of leasehold land of FCIL is based on residual method i.e. by adjusting value of assets likely to be used in the project. Building / Structure of Rs. 168.27 lakhs as valued by valuer is not being used for the project and value of lease hold land is adjusted to that extent. In respect of office premisses, Company has given notice to lessor for foreclosure of lease agreement, therefore value has been adjusted.





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## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### 6. Intangible assets

(Rupees in lakhs)

	Computer Software	Website	Total
<b>As at 31<sup>st</sup> March 2020</b>			
Gross carrying amount			
Balance as at the beginning of the year	24.22	3.37	27.59
Additions	1.41	-	1.41
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>25.63</b>	<b>3.37</b>	<b>29.00</b>
Accumulated amortisation			
Balance as at the beginning of the year	9.44	0.27	9.71
Amortisation	4.84	0.67	5.51
Disposals	-	-	-
<b>Closing accumulated amortisation</b>	<b>14.28</b>	<b>0.94</b>	<b>15.22</b>
<b>Net carrying amount</b>	<b>11.35</b>	<b>2.43</b>	<b>13.78</b>
<b>As at 31<sup>st</sup> March 2021</b>			
Gross carrying amount			
Opening gross carrying amount	25.63	3.37	29.00
Additions	12.80	-	12.80
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>38.43</b>	<b>3.37</b>	<b>41.80</b>
Accumulated amortisation			
Balance as at the beginning of the year	14.28	0.94	15.22
Amortisation	6.47	0.67	7.14
Disposals	-	-	-
<b>Closing accumulated amortisation</b>	<b>20.75</b>	<b>1.61</b>	<b>22.36</b>
<b>Net carrying amount</b>	<b>17.68</b>	<b>1.76</b>	<b>19.44</b>

#### 7. Intangible assets under development

(Rupees in lakhs)

	31-Mar-21	31-Mar-20
ERP Implementation	521.85	2.83
<b>Total</b>	<b>521.85</b>	<b>2.83</b>





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

### 8. Loans

(Rupees in lakhs)

	31-Mar-21		31-Mar-20	
	Current	Non-current	Current	Non-current
Security deposits	45.95	628.76	28.55	648.13
<b>Total</b>	<b>45.95</b>	<b>628.76</b>	<b>28.55</b>	<b>648.13</b>
<b>Break up of security deposit details</b>	<b>31-Mar-21</b>		<b>31-Mar-20</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Loans considered good - Secured	-	-	-	-
Loans considered good - Unsecured	45.95	628.76	28.55	648.13
Loans which have significant increase in credit risk	-	-	-	-
Loans - credit impaired	-	-	-	-
<b>Total</b>	<b>45.95</b>	<b>628.76</b>	<b>28.55</b>	<b>648.13</b>

### 9. Other financial assets

	31-Mar-21		31-Mar-20	
	Current	Non-current	Current	Non-current
Bank deposits with more than 12 months maturity {including interest accrued Rs. 9.98 lakhs}.	-	1,527.18	-	-
Government grant receivable #	3,109.71	-	2,867.78	-
Insurance claim recoverable	1,271.32	-	3,752.75	-
<b>Total</b>	<b>4,381.03</b>	<b>1,527.18</b>	<b>6,620.53</b>	<b>-</b>

# During F.Y. 17-18, the Company has paid Stamp duty Rs. 745.29 lakhs for registration of Leasehold land. Further During F.Y. 18-19 the Company has paid Stamp duty of Rs. 2364.42 lakhs for registration of Indenture of Mortgage created in favour of project lenders. As a part of incentive, the Government of Telangana vide letter No 1158/1E Sugar & IFR/2015-01, dated 11th February, 2016 has extended fiscal incentives and company is eligible to claim 100% reimbursement of Stamp duty paid for registration of leasehold land and mortgage after commencement of commercial production. Accordingly, the grant receivable has been recognised at amount receivable from State Government of Telangana (in earlier year measured at FVTPL).







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## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### 10. Other non-current assets

(Rupees in lakhs)

	31-Mar-21	31-Mar-20
Capital advances #	464.77	744.19
Others capital advances	1,135.24	644.16
Advances other than capital advances		
Prepaid Expenses	492.47	25.45
Duties & Taxes (Input Credit) ##	-	42,634.29
Duties & Taxes (GST TDS Credit)	68.27	25.24
<b>Total</b>	<b>2,160.75</b>	<b>44,073.33</b>

Against Bank Guarantees / Dispatch documents, as per terms of Contracts / Purchase orders.

## Duties & Taxes (Input Credit) of Rs 42,634.29 lakhs reversed during Financial Year 2020-21 by charging to Capital work in progress Rs. 42,007.99 lakhs and to Statement of profit & loss Rs 626.30 Lakhs.

#### 11. Inventories\*

	31-Mar-21	31-Mar-20
Raw material	856.16	-
Semi finished goods		-
Finished goods	-	-
Stores and spares ^	3,045.30	-
Packing materials	65.18	-
<b>Total</b>	<b>3,966.64</b>	<b>-</b>

^ Includes material under inspection

Also includes Stores and spares (having nature of general stores / bulk material) of Rs 2,334.19 lakhs received from EPCM consultant, being balance project goods, pending reconciliation of project material with EPCM consultant.

\* Balance inventories out of goods procured for completion of project / commissioning activities.

#### 12. Trade receivables

	31-Mar-21	31-Mar-20
Trade receivables outstanding for a period more than six months from the date they are due for payment	-	-
Subsidy from Govt.	-	-
Others	-	-
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Subsidy from Govt.	73.88	-
Others	15.55	-
<b>Total</b>	<b>89.43</b>	<b>-</b>





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

### 13. Cash and cash equivalents

(Rupees in lakhs)

	31-Mar-21	31-Mar-20
Balances with banks		
- In current accounts	91.50	1,305.13
- Term Deposits having original maturity less than 3 months {including interest accrued Rs. 9.26 lakhs, (P.Y. Rs. 24.31 lakhs)}.	2,314.26	13,224.31
<b>Total</b>	<b>2,405.76</b>	<b>14,529.44</b>

### 14. Other Bank Balances

	31-Mar-21	31-Mar-20
- Term Deposits having original maturity over 3 months and less than 12 months {including interest accrued Rs. 2.17 lakhs, P.Y. Rs. 1.89 lakh} under lien for letter of credits (LC) & Bank Guarantee(BG).	146.76	139.61
<b>Total</b>	<b>146.76</b>	<b>139.61</b>

### 15 Current tax assets (net)

	31-Mar-21	31-Mar-20
Opening balance	104.67	61.48
Income tax refund received	(93.56)	(3.11)
Advance tax paid	500.00	-
Tax deducted/collected during the year	92.72	46.30
<b>Total</b>	<b>603.83</b>	<b>104.67</b>

### 16 Other current assets

	31-Mar-21	31-Mar-20
Prepaid Expenses	2,549.96	795.42
Advance to employee	-	0.40
Others	36.55	11.25
<b>Total</b>	<b>2,586.51</b>	<b>807.07</b>



**RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED****Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021**

		(Rupees in la khs)
<b>17 Equity share capital</b>	<b>Number of shares</b>	<b>Amount</b>
<b>Authorised equity share capital</b> <b>(Par value per share - Rs. 10)</b>		
<b>As at 31<sup>st</sup> March, 2019</b>	1,500,000,000	150,000.00
Increase during the year	500,000,000	50,000.00
<b>As at 31<sup>st</sup> March, 2020</b>	<b>2,000,000,000</b>	<b>200,000.00</b>
Increase during the year	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>2,000,000,000</b>	<b>200,000.00</b>
<b>(i) Movements in equity share capital</b>	<b>Number of shares</b>	<b>Amount</b>
<b>a. Issued equity share capital</b> <b>(Par value per share - Rs. 10)</b>		
<b>As at 31<sup>st</sup> March, 2019</b>	1,052,662,860	105,266.28
Add: Shares Issued during the year - For Cash	590,891,000	59,089.10
Add: Shares Issued during the year - For Consideration other than cash	73,596,274	7,359.63
<b>As at 31<sup>st</sup> March, 2020*</b>	<b>1,717,150,134</b>	<b>171,715.01</b>
Add: Shares Issued during the year - For Cash	145,627,300	14,562.73
Add: Shares Issued during the year - For Consideration other than cash	18,543,700	1,854.37
<b>As at 31<sup>st</sup> March, 2021**</b>	<b>1,881,321,134</b>	<b>188,132.11</b>
*Includes right issue of Rs 403,58,01,340 issued on 28th March, 2020.		
**Includes right issue of Rs 164,17,10,000 issued on 5th March, 2021.		
<b>b. Subscribed equity share capital</b> <b>(Par value per share - Rs. 10)</b>	<b>Number of shares</b>	<b>Amount</b>
<b>As at 31<sup>st</sup> March, 2019</b>	1,018,982,236	101,898.22
Add: Shares subscribed during the year - For Cash	336,446,192	33,644.62
Add: Shares subscribed during the year - For Consideration other than cash	28,696,274	2,869.63
<b>As at 31<sup>st</sup> March, 2020</b>	<b>1,384,124,702</b>	<b>138,412.47</b>
Add: Shares subscribed during the year - For Cash	247,280,000	24,728.00
Add: Shares subscribed during the year - For Consideration other than cash	44,900,000	4,490.00
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,676,304,702</b>	<b>167,630.47</b>
<b>c. Paid-up equity share capital</b> <b>(Par value per share - Rs. 10)</b>	<b>Number of shares</b>	<b>Amount</b>
<b>As at 31<sup>st</sup> March, 2019</b>	1,018,982,236	101,898.22
Add: Shares allotted during the year - For Cash	251,446,095	25,144.61
Add: Shares allotted during the year - For Consideration other than cash	28,696,274	2,869.63





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

	(Rupees in lakhs)	
<b>As at 31<sup>st</sup> March 2020</b>	<b>1,299,124,605</b>	<b>129,912.46</b>
Add: Shares allotted during the period - For Cash	332,280,097	33,228.01
Add: Shares allotted during the period - For Consideration other than cash	44,900,000	4,490.00
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,676,304,702</b>	<b>167,630.47</b>
<b>(ii) Aggregate No of shares issued for consideration other than cash</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Shares issued as consideration for concession rights in the land and value of the useable assets	189,382,700	144,482,700
	189,382,700	144,482,700

### (iii) Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held and entitle to dividends. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution to creditors and all preferential amounts, in proportion to their shareholding.

### (iv) Details of shareholders holding more than 5% shares in the company

	31-Mar-21	
	Number of shares	% holding
National Fertilizers Limited	447,628,200	26.70%
Engineers India Limited	447,628,200	26.70%
The Fertilizer Corporation of India Limited	189,392,700	11.30%
State Government of Telangana	144,047,402	8.59%
GAIL (India) Limited	246,190,510	14.69%
	31-Mar-20	
	Number of shares	% holding
National Fertilizers Limited	341,528,200	26.29%
Engineers India Limited	341,528,200	26.29%
The Fertilizer Corporation of India Limited	144,492,700	11.12%
State Government of Telangana	130,047,305	10.01%
GAIL (India) Limited	187,840,510	14.46%

### (v) Shares reserved for issue under contract

The Shareholding of the company, on the finalisation of project cost and requirement of equity for funding the project cost shall be in the following proportion:





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

National Fertilizers Limited (NFL)	:	26%
Engineers India Limited (EIL)	:	26%
The Fertilizer Corporation of India Limited (FCIL)	:	11%
State Government of Telangana	:	11%
GAIL (India) Limited	:	14.30%
HT Ramagundam A/s	:	3.90%
Danish Agribusiness Fund IK/S	:	3.90%
Investment Fund For Developing Countries	:	3.90%

The Company entered into Concession Agreement with FCIL on 23rd March 2016 towards award of rights and concession to the Company in regard to Facility area (Lease hold land admeasuring approximately 1284 acre) for financing, designing, engineering, procurement, construction, development, operation and maintenance of the project.

In terms of the Shareholders Agreement (SHA), FCIL is to be issued equity shares equal to 11% of equity portion of the capital expenditure of the project. The estimated equity portion towards project cost on the date of execution of lease deed was Rs. 131,357 lakhs. Therefore, the Company estimated issuance of equity shares of Rs. 14,449 lakhs at par value as a consideration towards granting concession rights in the land and value of usable assets.

Till financial year 2019-20 revised project was estimated to Rs. 612,055 Lakhs, to be funded through equity of Rs. 172,163 Lakhs and equity to be issued to FCIL was worked out at Rs. 18,938 lakhs. During the Financial year 2020-21 project cost estimate was revised to Rs. 633,816 lakhs to be funded through equity of Rs 189,025 Lakhs and accordingly additional equity of Rs. 1,854.37 Lakhs to be issued to FCIL and same has been treated as consideration of leasehold land. Thus, total equity issuance to FCIL based on revised project cost will be Rs. 20,793 Lakhs.

		(Rupees in lakhs)	
		31-Mar-21	31-Mar-20
<b>Other Equity</b>			
<b>18. a</b>	<b>Reserves and surplus</b>		
	Retained earnings		
	Opening balance	(6,787.00)	(2,940.43)
	Profit / (loss) for the year	(4,697.99)	(3,817.84)
	Other comprehensive income / (expense)	(0.16)	(0.11)
	Share issue expenses	(40.56)	(28.62)
	<b>Closing balance</b>	<b>(11,525.71)</b>	<b>(6,787.00)</b>
<b>18.b</b>	<b>Share application money pending allotment</b>		
	Opening balance	8,500.01	-
	Add: Share application money received during the year	24,728.00	33,644.62
	Less: Share allotted during the year	33,228.01	25,144.61
	<b>Closing balance</b>	<b>-</b>	<b>8,500.01</b>







# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

	31-Mar-21	31-Mar-20
<b>Financial liabilities</b>		
<b>19. Borrowings</b>		
Secured		
Term Loan (Refer -I)		
<b>From Banks</b>		
Rupee Loan	386,237.66	331,372.15
(Net of unamortised transaction cost of Rs. 2380.69 lakhs P.Y. Rs 2216.78 lakhs)		
Unsecured		
Deferred payment liabilities - Measured at amortised cost (Refer -II)	8,542.56	8,548.03
<b>Total</b>	<b>394,780.22</b>	<b>339,920.18</b>
<b>out of above :</b>		
Current maturity of long term borrowings (based on Total outstanding borrowings as on 31 <sup>st</sup> March-2021)	15,544.73	-
Non current borrowings	379,235.49	339,920.18

I.

a Rupee Term loan of Rs. 394,071 Lakhs has been tied up with Consortium of Banks with SBI as lead bank as detailed below:

Bank Name	Loan (Rs. In Lakhs)	Interest Rate *
1 State Bank of India (SBI)	170,000.00	MCLR+0.44%
2 Union Bank of India (UBI)	150,000.00	MCLR+0.15%
3 Bank of Baroda (BOB) - erstwhile Vijaya Bank	25,000.00	MCLR+0.20%
4 Bank of India (BOI)	16,357.00	MCLR+0.30%
5 Bank of Baroda (BOB) - erstwhile Dena Bank	16,357.00	MCLR+0.10%
6 Punjab National Bank (PNB) - erstwhile Oriental Bank of commerce	16,357.00	MCLR+0.10%
<b>Total</b>	<b>394,071.00</b>	

\* Chargeable interest rate is linked to yearly MCLR with reset on 1<sup>st</sup> April every year. During current financial year applicable weighted average rate of interest was 8.10% p.a P.Y. 8.87% p.a.

b. Additional rupee Term loan of Rs. 50,720 Lakhs was tied up with Consortium of Banks with SBI as lead bank as detailed below:

Bank Name	Loan (Rs. In Lakhs)	Interest Rate
1 State Bank of India (SBI)	22,138.00	SBI MCLR+0.70%
2 Union Bank of India (UBI)	24,919.00	SBI MCLR+0.70%
3 Punjab National Bank (PNB) - erstwhile Oriental Bank of commerce	1,533.00	SBI MCLR+0.70%
4 Bank of India (BOI)	2,130.00	SBI MCLR+0.70%
<b>Total</b>	<b>50,720.00</b>	



**RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED****Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021**

c. The Restated Rupee Term Loan agreement, providing for additional rupee term loan of Rs. 50,720 lakhs with SBI, UBI, PNB & BOI and also revision in terms of loan agreement for Rs 394,071 lakhs. However, Rupee term loan facility against the additional term loan has not been availed till 31<sup>st</sup> March, 2021. On signing of restated rupee term loan facility, existing lenders have agreed to reschedule terms of repayment as stated in subsequent para.

**d. Terms of repayment of Term loan for Rupee term loan and Additional Rupee term loan**

Term loan is repayable in 42 quarterly instalments from 31<sup>st</sup> December' 2021, repayment schedule as given below based on rupee term loan tied up-

Financial Year	No of Quarter	Repayment %	Repayment Amount (Rs. In Lakhs)
31-Mar-22	2	4.00%	17,791.64
31-Mar-23	4	8.00%	35,583.28
31-Mar-24	4	8.50%	37,807.24
31-Mar-25	4	9.00%	40,031.19
31-Mar-26	4	9.25%	41,143.17
31-Mar-27	4	9.75%	43,367.12
31-Mar-28	4	10.25%	45,591.08
31-Mar-29	4	10.25%	45,591.08
31-Mar-30	4	10.50%	46,703.06
31-Mar-31	4	11.00%	48,927.01
31-Mar-32	4	9.50%	42,255.14
<b>Total</b>	<b>42</b>	<b>100.00%</b>	<b>444,791.00</b>

**e. Security - Rupee term loan is secured by -**

- a first charge on all the Borrower's Fixed Assets (immovable and movable) except the land underlying the Project Site, both present and future (except current assets where the Working Capital Lenders will have the first charge);
- a first pari passu charge on the land underlying the Project to the extent permitted under the Concession Agreement;
- assignment of all Material Project Contracts to the extent assignable,;
- a first pari passu charge on the Trust and Retention Account, (except on Debt Service Reserve Account);
- a first pari passu charge on Debt Service Reserve Account; and
- a second charge on current assets, intangibles, goodwill, uncalled capital of the Borrower, both present and future

The carrying amounts of financial and non financial assets pledged as security are as disclosed in note (g) below





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

### f. Net debt reconciliation -

(Rupees in lakhs)

			31-Mar-21	31-Mar-20
Cash and cash equivalents			2,405.76	14,529.44
Borrowings			(394,780.22)	(339,920.18)
Lease liabilities			(1,928.91)	(4,688.75)
<b>NetDebt</b>			<b>(394,303.37)</b>	<b>(330,079.49)</b>
	Current Investment	Cash and bank	Borrowings	Total
<b>Balance as on 01st April 2019</b>	6,237.31	14,628.01	(286,700.20)	(265,834.88)
Cash flows	(6,237.31)	(98.57)	(53,219.98)	(59,555.86)
Lease liabilities			(4,688.75)	(4,688.75)
Interest expenses			27,125.49	27,125.49
Interest paid	-		(27,125.49)	(27,125.49)
<b>Balance as on 31st March 2020</b>	-	<b>14,529.44</b>	<b>(344,608.93)</b>	<b>(330,079.49)</b>
Cash flows	-	(12,123.68)	(50,171.29)	(62,294.98)
Lease liabilities			(1,928.91)	(1,928.91)
Interest expenses	-	-	27,911.78	27,911.78
Interest paid	-	-	(27,911.78)	(27,911.78)
<b>Balance as on 31st March 2021</b>	-	<b>2,405.76</b>	<b>(396,709.13)</b>	<b>(394,303.37)</b>

### g. Assets pledged as security -

(Rupees in lakhs)

		31-Mar-21	31-Mar-20
Current assets pledged as security (excluding other bank balances)	A	14,079.14	22,090.26
Non Current assets pledged as security	B	577,844.53	478,061.84
<b>Total</b>	<b>(A+B)</b>	<b>591,923.68</b>	<b>500,152.10</b>

### II. Terms of repayment of deferred payment liabilities (Refer note -3)

Company has requested to State Government of Telangana (SGOT) to provide water and power connectivity at its battery limits and SGOT has estimated cost of Rs. 10,880 lakhs. SGOT agreed to initially incur the cost and to recover it from the fiscal incentives for which the Company shall be eligible post commercial production. The above facilities have been provided by the SGOT during the year and are being used by the Company. These have been capitalized as part of the plant and machinery as future economic benefits associated with the item will flow to the Company, although these assets are lying outside the plant boundaries and the Company does not have ownership of these assets.

As per original approval, the fiscal incentive were to be released by the SGOT over a period of 7 years from the start of commercial production. However, the Company has requested SGOT for changes in fiscal incentives which is under revision with the SGOT. The Company is hopeful that the changes requested by it shall be accepted by the SGOT.





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

State government is yet to finalize and inform cost of these assets to RFCL, therefore cost of these assets have been internally estimated at Rs. 7,695.87 lakhs for water facilities and Rs. 2,876.04 lakhs for power facilities, totalling to Rs. 10,571.91 lakhs, pending intimation of actual cost.

As the cost of these assets shall be adjusted against the fiscal incentives to be released by the SGOT in future period without any interest, the amount payable as on date to SGOT towards these facilities has been considered as an interest free deferred payment obligation which shall be settled in instalments against the receipt of fiscal incentives in future. Accordingly, the Company has determined the fair value of this liability at Rs. 7,927.41 lakhs as on the date of capitalisation by discounting the expected cash outflows and over the expected settlement period.

For arriving fair value of deferred payment liabilities, the discounting rate used @ 8.87%, of the year of assets capitalisation (Interest rate is on daily discounting basis).

Company has anticipated following incentive realisation and payment liability schedule -

#### Expected year-wise fiscal incentive receivable.(Rs. In Lakhs)

Expected receipts dates	"Estimated Amount of fiscal incentive receivable"	Deferred payment liabilities
01-Jul-22	3185.71	3185.71
01-Jul-23	3185.71	3185.71
01-Jul-24	3185.71	3185.71
01-Jul-25	3185.71	1014.78
01-Jul-26	3185.71	-
01-Jul-27	3185.71	-
01-Jul-28	3185.74	-
	<b>22,300.00</b>	<b>10,571.91</b>





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

### 20. Deferred government grant

	31-Mar-21	31-Mar-20
Opening balance	4,751.06	2,409.03
Grant recognised on deferred payment liabilities	-	2,644.50
Less: Deferred Grant recognised in statement of profit & loss	344.32	302.47
<b>Total</b>	<b>4,406.74</b>	<b>4,751.06</b>

### 21. Trade Payables

	31-Mar-21	31-Mar-20
Micro and small enterprises *	-	-
Other than Micro and small enterprises *	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\* Amount payable against Supply / services received during the year partially used after commercial operation and disclosed under other financial liabilities.

### 22. Other financial liabilities

	31-Mar-21	31-Mar-20
Creditors for capital goods/services and others	31,347.71	17,371.09
Employee	14.19	15.77
Deposits /Retention money from contractors and others	1,313.28	1,324.77
<b>Total</b>	<b>32,675.18</b>	<b>18,711.63</b>

Based on the information available with the Company, there are no dues to micro, small and medium enterprises as defined in micro, small and medium enterprise development act, 2006 as on 31st March, 2020 and 31st March, 2021. Further, there is no interest due/accrued/paid or payable to MSMED parties during the year or in the previous year.

### 23. Lease liability

	31-Mar-21	31-Mar-20
Lease liability for others right of use assets	74.54	198.75
Lease liability for Fertilizers Corporation of India (FCIL) #	1,854.37	4,490.00
<b>Total</b>	<b>1,928.91</b>	<b>4,688.75</b>
<b>Out of above :</b>		
<b>Current</b>	1,910.89	4,606.21
<b>Non Current</b>	18.02	82.54
<b>Total</b>	<b>1,928.91</b>	<b>4,688.75</b>
#Fertilizers Corporation of India (FCIL)		
<b>Opening balance</b>	4,490.00	
Impact of adoption of Ind AS 116	-	2,870.63
Add: Value of lease hold land (Refer note- 5)	1,854.37	4,489.00
Less: Share issued during the year (Refer note-17)	4,490.00	2,869.63
<b>Closing balance</b>	<b>1,854.37</b>	<b>4,490.00</b>





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## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

#### 24. Other current liabilities

	31-Mar-21	31-Mar-20
Statutory dues payable	1,791.39	434.21
Others	6.53	0.86
<b>Total</b>	<b>1,797.92</b>	<b>435.07</b>

#### 25. Provisions

	31-Mar-21	31-Mar-20
Provision for employee benefits		
Gratuity	124.98	58.71
Earned Leave	184.26	65.15
Half Pay Leave	66.05	35.06
Post Retirement Settlement Benefits	1.42	0.63
<b>Total</b>	<b>376.71</b>	<b>159.55</b>
Out of above :		
Current	17.63	1.57
Non Current	359.08	157.98
<b>Total</b>	<b>376.71</b>	<b>159.55</b>

#### 26. Current tax liabilities

	31-Mar-21	31-Mar-20
Opening balance	-	-
Add: Current tax payable for the year	-	-
Less: Taxes paid / Tax deducted at source	-	-
<b>Total</b>	<b>-</b>	<b>-</b>







# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

### 27. Revenue from operations

	31-Mar-21	31-Mar-20
Sale of finished goods	14.81	-
<b>Subsidy from Government of India (Urea):</b>		
Price subsidy *	72.18	-
Freight Subsidy	1.70	-
	88.69	-
Capitalised as part of CWIP (refer note 4)	(88.69)	-
<b>Total</b>	<b>-</b>	<b>-</b>

The procedure for release of subsidy entails 100% payment of subsidy under DBT scheme on the basis of actual sale by the retailers to the beneficiaries on weekly basis through POS machines. Pursuant to above procedure, pending sale of urea totalling 279.90 MT through POS machine to beneficiaries as on 31.03.2021, subsidy of Rs. 72.18 Lakhs which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS machines has been recognized in the current period.

\* Based on delivered gas price for the month of March-21 and subsidy eligibility as per New Investment Policy (NIP-2012).

### 28. Other income

	31-Mar-21	31-Mar-20
Interest income - on financial assets measured at amortised cost	303.29	140.02
Dividend on investment in mutual funds	-	8.12
Interest income on government grant measured at FVTPL	242.02	265.71
Amortisation of deferred government grant (refer note 20)	344.32	302.47
Recovery of rent *	102.27	48.93
Interest income on Income tax refund	6.00	0.37
Income from Scrap sale	42.19	105.11
Other Miscellaneous Income	1.92	2.79
<b>Total</b>	<b>1,042.01</b>	<b>873.52</b>

\* Net of compression cost of Rs 73.60 lakhs P.Y. Nil lakhs (excluding GST) on accrual basis to M/s GSPL India Transco Limited (GITL) and the same amount is recoverable from M/s GAIL (India) Limited on actual reimbursement basis.

### 29. Employee benefits expense

	31-Mar-21	31-Mar-20
Salaries and wages	2,609.62	1,824.50
Contribution to provident and other funds	191.53	142.32
	2,801.15	1,966.82
Capitalised as part of CWIP (refer note 4)	(2,665.56)	(1,906.96)
<b>Total</b>	<b>135.59</b>	<b>59.86</b>





रामगुण्डम फर्टिलाइजर्स एंड केमिकल्स लिमिटेड



## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

#### 30. Power & Fuel

	31-Mar-21	31-Mar-20
Purchased power	206.45	0.58
Natural Gas	424.15	-
<b>Total</b>	<b>630.60</b>	<b>0.58</b>

#### 31. Depreciation and amortisation

	31-Mar-21	31-Mar-20
Depreciation on property, plant and equipment	2,328.61	1,125.59
Depreciation on right of use assets	339.80	315.45
Amortisation of intangible assets	7.14	5.51
	2,675.55	1,446.55
Capitalised as part of CWIP (refer note 4)	(1,979.65)	(1,442.81)
<b>Total</b>	<b>695.90</b>	<b>3.74</b>

#### 32. Other expenses \*

	31-Mar-21	31-Mar-20
Rent	3.82	1.09
Rates and taxes	162.83	9.39
Insurance	2,971.15	2,539.32
Auditors' remuneration:		
- Audit Fee	3.54	2.36
- Other Certification Fee	2.51	2.01
- Fee for taxation matters	-	-
- Fee for management services	-	-
- Reimbursement of expenses	-	-
Printing and Stationery	0.37	0.78
Advertisement	3.79	14.57
Telephone and Postage	1.48	1.11
Bank Charges	259.47	4.35
PF Administration charges	11.24	7.60
Professional / consultancy fees	53.47	33.91
Legal fees	0.19	0.27
Reimbursement to EIL/NFL for employees on deputation/secondment	40.04	-
Manpower charges (Outsourced)	90.32	48.33
Recruitment and training expenses	118.75	316.87
Repair and maintenance - others	0.81	32.33
Marketing development expenses	916.88	684.98
Provision for damage due to flood	(14.60)	(65.23)
Exchange rate variation (Net)	57.15	229.36
Directors sitting fees	-	7.17
Miscellaneous expenses	62.73	128.71
<b>Total</b>	<b>4,745.94</b>	<b>3,999.28</b>

\*Expenses related to construction activity are shown under Capital work in progress Note -4

Other expenses for the year 2020-2021 includes GST / Central Excise / Service Tax of Rs 626.30 lakhs for the period upto Financial Year 2019-20, earlier considered as Duties & Taxes (Input Credit) reverse during current year. Such Duties & Taxes considered as other expenses during F.Y. 2020-2021.





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

### 33. Finance Cost

	31-Mar-21	31-Mar-20
Interest and finance charges on borrowings	27,911.78	27,125.49
Interest and finance charges on lease	12.83	7.28
Interest and finance charges on assets under deferred payment	(5.47)	620.62
Other finance cost	384.92	554.89
	28,304.06	28,308.28
Capitalised as part of CWIP (refer note 4)	(27,514.16)	(27,680.38)
<b>Total</b>	<b>789.90</b>	<b>627.90</b>

(Rupees in lakhs)

### 34. Income tax expense

	31-Mar-21	31-Mar-20
Current tax	-	-
Current tax during the year	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Rupees in lakhs)

### 34.a. Reconciliation of tax expense and the accounting profit/(loss) multiplied by tax rate:

	For the year ended 31-Mar-21		For the year ended 31-Mar-20	
	Taxable Amount	Tax Amount	Taxable Amount	Tax Amount
Loss from continuing operations before income tax expense	(5,956.08)	(1,499.03)	(3,817.95)	(992.67)
Tax effects of adjustments in calculating taxable income:				
Exempt income (Dividend)	-	-	(8.12)	(2.11)
Ind-As Transactions	(573.69)	(144.39)	59.65	15.51
Capital Receipt / Expenses (net)	3,001.72	755.47	2,716.79	706.37
Insurance loss (Short Term capital Gain)	(14.60)	(3.68)	(65.23)	(16.96)
Depreciation as per books of account	695.90	175.14	-	-
Depreciation as per income tax act	(39,610.01)	(9,969.03)	-	-
Recruitment and training expenses	118.75	29.89	316.87	82.39
Provision for employee benefit expenses	10.49	2.64	5.26	1.37
<b>Net Taxable income / (loss)</b>	<b>(42,327.52)</b>	<b>(10,652.99)</b>	<b>(792.73)</b>	<b>(206.10)</b>
Items for which no deferred tax recognised	-	-	792.73	206.10
<b>Income tax expense</b>	<b>(42,327.52)</b>	<b>(10,652.99)</b>	<b>-</b>	<b>-</b>

Tax at the Indian tax rate of 25.168% (Previous year 26%)





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

### 34.b. Deferred tax assets

The balance comprises temporary differences attributable to:

Preliminary expenses

Share issue expenses

Provision for employee benefit expenses

Carry forward losses under income tax

Total deferred tax assets

Total deferred tax liabilities

**Net deferred tax assets**

		(Rupees in lakhs)	
		For the year ended 31-Mar-21	For the year ended 31-Mar-20
		Taxable Amount	Tax Amount
		114.46	28.81
		330.97	83.30
		10.49	2.64
		43,456.31	10,937.08
		43,912.23	11,051.83
		38,914.11	9,793.90
		<b>4,998.12</b>	<b>1,257.93</b>
		<b>1,553.50</b>	<b>403.92</b>

- The Company has declared commercial operation in financial year 2020-21 and also recognized deferred tax assets, as likely to be realized in next Financial Years.
- For computation of deferred tax assets (DTA) on preliminary expenses of Rs. 114.46 lakhs & share issue expenses of Rs 330.97 lakhs, tax rate considered @25.168% (Previous year tax rate @26%).
- For DTA on carry forward losses of Rs. 43,456.31 lakhs (including for previous year Rs. 1,143.37 lakhs) tax rate considered @25.168% (Previous year tax rate @26%).

### 35. Earnings / (loss) per share

		(Rupees in lakhs)	
		31-Mar-21	31-Mar-20
<b>a. Basic earnings / (loss) per share</b>	Unit		
Basic earnings per share attributable to the equity holders of the Company	Rs. Per share	(0.29)	(0.32)
<b>b. Diluted earnings / (loss) per share</b>	Rs. Per share	(0.29)	(0.32)
Diluted earnings per share attributable to the equity holders of the Company			
<b>c. Reconciliations of earnings used in calculating earnings per share</b>			
Basic earnings per share	Rs. Per share	(0.29)	(0.32)
Profit attributable to equity holders of the company used in calculating basic earnings per share	Rs. In lakhs	(4,698.15)	(3,817.95)
Diluted earnings per share	Rs. Per share	(0.29)	(0.32)
Profit attributable to equity holders of the company used in calculating diluted earnings per share	Rs. In lakhs	(4,698.15)	(3,817.95)
<b>d. Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	No of shares	1,645,664,285	1,176,320,168
Adjustments for calculation of diluted earnings per share:	No of shares	-	-
Weighted average number of shares *	No of shares	1,645,664,285	1,176,320,168
<b>Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b>			

\* During previous financial year 19-20, potential equity shares included share application money, due to which EPS was antidilutive





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### 36. Financial risk management

The Company's activities expose it to liquidity risk, market risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk :-

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Other bank balances, Trade receivables and security deposits at amortised cost.	Ageing analysis Credit ratings	Diversified in bank deposits, current account and security deposits provided for rental property and utility deposit
Liquidity risk	Retention money/deposits from contractors, Borrowings & others	Rolling cash flow forecasts	Availability of enough cash & cash equivalents, availability of committed credit line and borrowing facilities.
Market risk – foreign currency	Purchase/acquisition of capital goods	Prevailing foreign exchange movements	Management monitor foreign exchange fluctuation to manage risk relating to foreign exchange variance. Management has also approved creation of Foreign exchange risk management committee. This committee monitor foreign exchange fluctuation and requirement of hedging on monthly basis.
Market risk – interest rate	Long-term borrowings at variable interest rates	Sensitivity analysis	Management regularly monitors the prevailing market conditions to address the risk relating to interest rate.

##### (A) Credit risk

Credit risk refers to the risk of default on its obligations by the counter party resulting in financial loss. The exposure to the credit risk is primarily from Bank balances, cash and cash equivalents, trade receivables and security deposits. Credit risk is managed by ensuring appropriate approvals and monitoring the credit worthiness of the counter parties in normal course of business.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information.



**RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED****Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021****(B) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The construction phase has completed recently and company need to maintain liquidity for operations. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash requirements.

**(i) Financing arrangement :**

The company has access to undrawn rupee term loan of Rs. 56,173 lakhs (Rs. 5,453 lakhs for existing loan and Rs. 50,720 lakhs for additional loan) {P.Y. : Rs. 109,072 lakhs (Rs. 60,482 lakhs for existing loan and Rs. 48,590 lakhs for additional loan)}

In view of likely start of commercial operations and to meet requirement of working capital, company has arranged fund based working capital facility of Rs 1,26,722 lakhs And non fund based working capital facility of Rs 40,000 lakhs during Financial year 2020-21.

**(ii) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances.

**Contractual maturities of financial liabilities:****(Rupees in lakhs)**

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	After 5 years	Total
<b>Mar 31, 2021</b>							
<b>Non-derivatives</b>							
Creditors for capital goods/services and others	31,347.71	-	-	-	-	-	31,347.71
Lease liabilities	53.06	3.64	7.29	11.09	11.50	-	86.58
Deposits /Retention money	1,313.28	-	-	-	-	-	1,313.28
Deferred payment liabilities	-	-	-	3,185.71	6,371.42	1,014.78	10,571.91
Borrowings	-	-	15,544.73	64,122.03	108,813.14	200,138.45	388,618.35
<b>Total non-derivative liabilities</b>	<b>32,714.05</b>	<b>3.64</b>	<b>15,552.02</b>	<b>67,318.83</b>	<b>115,196.06</b>	<b>201,153.23</b>	<b>431,937.83</b>
<b>March 31, 2020</b>							
<b>Non-derivatives</b>							
Creditors for capital goods/services and others	17,371.09	-	-	-	-	-	17,371.09
Lease liabilities	59.71	29.46	39.18	76.33	24.00	-	228.68
Deposits /Retention money	1,324.77	-	-	-	-	-	1,324.77
Deferred payment liabilities	-	-	-	3,185.71	7,386.20	-	10,571.91
Borrowings	-	-	-	35,412.88	112,878.56	185,297.49	333,588.93
<b>Total non-derivative liabilities</b>	<b>18,755.57</b>	<b>29.46</b>	<b>39.18</b>	<b>38,674.92</b>	<b>120,288.76</b>	<b>185,297.49</b>	<b>363,085.38</b>







# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

### (c) Market Risks

#### i) Foreign Currency Risk

The Company imported certain plant and machineries and other project items which are denominated in Euro / US dollars and exposed it to foreign currency risk. The Company monitors the foreign currency rates in the prevailing market to manage the risk relating to foreign exchange. The Company also has a hedging policy duly approved by the Board of Directors of the Company to hedge against the currency risk. The Company has not hedged any foreign currency risk as at the reporting dates, as per this policy and due date is not ascertainable. The Company's exposure to foreign currency risks at the end of the reporting period expressed, i.e. solely related to project construction in INR as follows:

(Rupees in lakhs)

	31-Mar-21	31-Mar-20
<b>Financial liabilities</b>		
- Creditors	4,636.96	2296.40
<b>Sensitivity Analysis</b>		

W.r.t. financial liabilities of creditors for the project, change in exchange rate shall have an impact on profitability of the company. Any increase or decrease in exchange rate would increase or decrease the profit as below:

<b>Impact on Project Cost till F.Y. 2020-21 (Rs. in lakhs)</b>	31-Mar-21	31-Mar-20
Exchange rate: Increase by 1%*	46.37	22.96
Exchange rate decrease by 1%*	(46.37)	(22.96)

\*holding all other variable constant

#### ii) Interest Rate Risk

The Company's interest rate risk arises from long-term borrowings with variable interest rates which expose the Company to cash flow interest rate risk. The Company monitors the Interest rates in the market and accordingly decides on managing the interest rate risk. The exposure of the Company's borrowings to interest rates at the end of reporting period is as follows:

(Rupees in lakhs)

	31-Mar-21	31-Mar-20
Variable Rate borrowings (net of transactional cost)	386,237.66	331,372.15

#### Sensitivity Analysis

W.r.t. long term borrowings for the project, change in interest rates shall have an impact on profitability of the company. Any increase or decrease in interest rates would increase or decrease the profit as below:

<b>Impact on Project Cost till F.Y. 2020-21 (Rs. in lakhs)</b>	31-Mar-21	31-Mar-20
Interest rate: decrease by 10 basis points*	(388.62)	(333.59)
Interest rate: Increase by 10 basis points*	388.62	333.59

\*holding all other variable constant



**RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED****Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021****37. Capital management****(a) Risk management**

The Company's objectives in managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings including lease liabilities, cash and cash equivalents) (refer note 19(f)) divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain Debt Equity ratio as agreed with bank. Present Debt Equity ratio is as follows:

(Rupees in lakhs)

	31-Mar-21	31-Mar-20
Net debt	394,303.37	330,079.49
Total Equity	156,104.76	131,625.47
Net debt to equity ratio (in times)	2.53	2.51

**(b) Loan covenants**

As per restated loan agreement, the Company is required to maintain following ratios (the "Financial Covenants") from the Financial year ended on 31st March, 2022, and if there is an adverse deviation by more than 10% from the level stipulated below in respect of any two of the following items default interest at the default rate shall be payable.

Ratio of Debt to EBIDTA of a maximum of 4.00,

Interest coverage ratio of a minimum of 1.50,

DSCR of a minimum of 1.25 and

FACR of a minimum of 1.25





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

### 38 Fair value measurements

#### Financial instruments by category

#### Financial assets

	31-Mar- 21		31-Mar-20	
	FVTPL	Amortised Cost	FVTPL	Amoritsed Cost
Cash and cash equivalents	-	2,405.76	-	14,529.44
Other bank balances	-	146.76	-	139.61
Bank deposits with more than 12 months maturity	-	1,527.18	-	-
Security deposit	-	674.72	-	676.68
Trade receivable	-	89.43	-	-
Government grant receivable*	3,109.71	-	2,867.78	-
Insurance claim recoverable	-	1,271.32	-	3,752.75
<b>Total</b>	<b>3,109.71</b>	<b>6,115.17</b>	<b>2,867.78</b>	<b>19,098.48</b>

#### Financial liabilities

Other financial liabilities	-	32,675.18	-	18,711.63
Borrowings	-	394,780.22	-	339,920.18
<b>Total</b>	<b>-</b>	<b>427,455.40</b>	<b>-</b>	<b>358,631.81</b>

#### (i) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-21		31-Mar-20	
	Carrying Amount	Fair Value	Carrying Amount	amount
<b>Financial assets</b>				
Cash and cash equivalents	2,405.76	2,405.76	14,529.44	14,529.44
Other bank balances	146.76	146.76	139.61	139.61
Bank deposits with more than 12 months maturity	1,527.18	1,527.18	-	-
Security deposits \$	674.72	674.72	676.68	676.68
Trade receivable	89.43	89.43	-	-
Insurance claim recoverable	1,271.32	1,271.32	3,752.75	3,752.75
<b>Total financial assets</b>	<b>6,115.17</b>	<b>6,115.17</b>	<b>19,098.48</b>	<b>19,098.48</b>
<b>Financial Liabilities</b>				
Other financial liabilities	32,675.18	32,675.18	18,711.63	18,711.63
Borrowings	394,780.22	394,780.22	339,920.18	339,920.18
<b>Total financial liabilities</b>	<b>427,455.40</b>	<b>427,455.40</b>	<b>358,631.81</b>	<b>358,631.81</b>

\* For arriving fair value of assets in respect of all government grant receivable, the discounting rate @8.10% (p.y. @ 8.10%) (rate is on daily discounting basis).

\$ For arriving fair value of security deposit being of earlier year, the discounting rate considered @9.00% & 8.87% for old securities and @8.10% for securities given, being applicable rate during respective year (rate is on daily discounting basis).



**RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED****Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021****(ii) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that is (a) measured at amortised cost and (b) measured at fair value for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath table.

(a) Assets and liabilities which are measured at amortised cost for which fair values are disclosed  
(Rupees in lakhs)

<b>31-Mar-21</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Cash and cash equivalents	13	-	-	2,405.76	2,405.76
Other bank balances	14	-	-	146.76	146.76
Bank deposits with more than 12 months maturity	9	-	-	1,527.18	1,527.18
Security deposits	9	-	-	674.72	674.72
Trade receivable	12			89.43	89.43
Insurance claim recoverable	8	-	-	1,271.32	1,271.32
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,115.17</b>	<b>6,115.17</b>
<b>Financial Liabilities</b>					
Borrowings	19	-	-	394,780.22	394,780.22
Others financial liabilities	22	-	-	32,675.18	32,675.18
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>427,455.40</b>	<b>427,455.40</b>

<b>31-Mar-20</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Cash and cash equivalents	13	-	-	14,529.44	14,529.44
Other Bank Balances	14	-	-	139.61	139.61
Security deposits	9	-	-	676.68	676.68
Insurance claim recoverable	8	-	-	3,752.75	3,752.75
<b>Total</b>		<b>-</b>	<b>-</b>	<b>19,098.48</b>	<b>19,098.48</b>
<b>Financial Liabilities</b>					
Borrowings	19			339,920.18	339,920.18
Others financial liabilities	22	-	-	18,711.63	18,711.63
<b>Total</b>		<b>-</b>	<b>-</b>	<b>358,631.81</b>	<b>358,631.81</b>

**(b) Financial Assets measured at fair value - recurring fair value measurements -**

<b>31-Mar-21</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Government grant receivable	9	-	-	3,109.71	3,109.71
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,109.71</b>	<b>3,109.71</b>
<b>31-Mar-20</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Government grant receivable	9	-	-	2,867.78	2,867.78
<b>Total</b>		<b>-</b>	<b>-</b>	<b>2,867.78</b>	<b>2,867.78</b>





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The mutual funds are valued using the closing NAV.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

(iii) The fair value of Government Grant receivable is calculated based on the expected timing of receipt of the grant and by using a current borrowing rate for the remaining period. Any increase in lending rate by 10 basis point will reduce the fair value by Rs. Nil lakhs and Rs. 2.87 lakhs as at March 21 and 20 respectively. Further any reduction in lending rate by 10 basis point shall increase the fair value by Rs Nil lakhs and Rs. 2.87 lakhs as at March 21 and 20 respectively.

### Movement in the Grant receivable is given below:-

(Rupees in lakhs)

As at 1st April 19	2,602.07
Add: Grant receivable recognised at fair value	-
Add: Net gain/ (loss) in fair value during the year	265.71
<b>Balance as at 31st March 20</b>	<b>2,867.78</b>
Add: Grant receivable recognised at fair value	-
Add: Net gain/ (loss) in fair value during the year	241.93
<b>Balance as at 31st March 21</b>	<b>3,109.71</b>

There have been no transfers between level 1, level 2 and level 3.

### (iv) Valuation technique used to determine fair value

The carrying amounts of other financial liabilities, cash and cash equivalents, other bank balances, trade receivables and insurance claim recoverable are considered to be the same as their fair values, due to their short-term nature.

The fair values for borrowings were calculated based on the future cash flows discounted using a current borrowing rate.

For arriving fair value of assets in respect of all government grant receivable, the discounting rate used @8.1% (p.y. @ 8.10%). For security deposit being of earlier year, discounting rate of 9.00% & 8.87% has been continued (rate is on daily discounting basis), Security deposit given during the year, discounting rate of 8.10% (rate is on daily discounting basis). They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are unobservable.

(v) **Assumptions:** 1) Present value of government grant receivable from State Government of Telangana, is calculated based on reimbursement date as 31.03.2021.





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## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### 39. Related party transactions

A) Nature of Relationship	Promoter Venturers		<b>Name of the Related Party</b>
		1	National Fertilizers Limited (NFL)
		2	Engineers India Limited (EIL)
B) Nature of Relationship	Investors	3	The Fertilizer Corporation of India Limited (FCIL)
			<b>Name of the Related Party</b>
		1	State Government of Telangana (SGOT)
C) Nature of Relationship	Key Management Personnel	2	GAIL (India) Limited (GAIL)
		3	<b>HTAS - Consortium</b>
		3.a	HT Ramagundam A/s
		3.b	Danish Agribusiness Fund IK/S
		3.c	Investment Fund For Developing Countries
			<b>Name of the Related Party</b>
		1	Sh. Jagdish Chander Nakra Director w.e.f. 03.11.2017 Chairman w.e.f. 01.02.2018, ceased w.e.f. 31.01.2021
		2	Sh. Virendra Nath Datt Director w.e.f. 31.10.2018 Chairman w.e.f. 23.02.2021
		3	Sh. Lalit Kumar Vijh Director w.e.f. 01.02.2018, ceased w.e.f. 31.07.2020
		4	Sh. Niranjan Lal Sharma Director w.e.f. 13.11.2017
		5	Sh. Alok Verma Director w.e.f. 07.09.2018
		6	Sh. Kamal Kishore Chatiwal Director w.e.f. 26.09.2018
		7	Sh. Sunil Bhatia Director w.e.f. 31.10.2018
		8	Sh. Jayesh Ranjan Director w.e.f. 13.06.2019
		9	Sh. Rakesh Gogia Director w.e.f. 15.07.2019, ceased w.e.f. 17.02.2021
		10	Sh. Sanjeev Kumar Handa Director w.e.f. 01.08.2020
		11	Sh. Nirlep Singh Rai CEO w.e.f. 01.11.2018 Director w.e.f. 01.04.2020
		12	Sh. Sanjay Jindal CFO w.e.f. 01.11.2018, ceased w.e.f. 15.03.2021
		13	Sh. Inder Chawla CFO w.e.f. 15.03.2021
		14	Ms. Pratibha Aggarwal Company Secretary w.e.f. 01.10.2018







## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### d) Transactions with Related parties:

#### i) Transactions with Promoters Venturers

(Rupees in lakhs)

S. No	Particulars	Promoter Venturers					
		31-Mar-21			31-Mar-20		
		NFL	EIL	FCIL	NFL	EIL	FCIL
Promoters Venturers							
1	Equity Share Capital	10,610.00	10,610.00	4,490.00	6,783.82	6,783.82	2,869.63
2	Application money pending allotment	-	-	-	-	8,500.00	-
3	Fixed Assets (Including CWIP) acquired	1,643.01	-	-	6.56	-	4,489.00
4	EPCM Fee (Incl. Tax)	-	2,917.53	-	-	576.97	-
5	Sale of urea (excluding tax)	14.81	-	-	-	-	-
6	Service Charges	-	0.06	-	-	0.17	-
7	Other Expenses (Incl. Tax) including salary of CEO and CFO	2,227.78	575.51	0.00	2,127.63	552.73	0.00
8	Lease rent income*	-	-	0.00	-	-	0.00
9	Amount payable	707.60	2,593.18	1,854.37	322.96	468.73	4,490.00
10	Amount recoverable	15.55	-	-	-	0.17	-

\* As per lease agreement with FCIL, annual lease rent is Rs.1/- for office space provided to FCIL at Ramagundam.

#### ii) Transactions with Investors

(Rupees in lakhs)

S. No	Particulars	Investors					
		31-Mar-21			31-Mar-20		
		SGOT	GAIL	HTAS - Consortium	SGOT	GAIL	HTAS - Consortium
Investors							
1.	Equity Share Capital	1,400.01	5,835.00	4,773.00	4,793.15	3,731.10	3,052.72
2.	Application money pending allotment	-	-	-	0.01		
3.	Gas Purchase	-	24,788.12	-	-	611.09	-
4.	Fixed assets	-	-		10,571.91	-	-
5.	Compressor charges (incl. Tax)	-	3,215.85	-	-	1,489.20	-
6.	Amount payable	8542.56*	8,258.65	-	8548.03*	213.23	-
7.	Amount recoverable	-	253.50	-	-	214.20	

\* Present value (discounted) of amount payable to SGOT.





रामगुण्डम फर्टिलाइजर्स एंड केमिकल्स लिमिटेड



## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### iii) Transactions with Key Management Personnel

(Rupees in lakhs)

S. No	Particulars		31-Mar-21	31-Mar-20
<b>Key Management Personnel</b>			<b>Remuneration</b>	
1	Sh. Nirlep Singh Rai*	CEO	2.22	45.82
2	Sh. Sanjay Jindal*	CFO	64.27	60.90
3	Sh. Inder Chawla*	CFO	2.87	-
4	Ms. Pratibha Aggarwal*	CS		
4.a	Salary and contribution to provident fund		22.31	21.38
4.b	Post employment benefits		0.79	0.00
4.c	Long-term employee benefits		0.86	0.59
4.d	Termination benefits		2.06	1.56
5	Share based payment to KMP		-	-

\* Remuneration is upto / from period as mentioned in list of KMP (Note 40 c)

(Rupees in lakhs)

S.No	Particulars		31-Mar-21	31-Mar-20
<b>Independent director's</b>			<b>Director sitting fees</b>	
1	Sh. Rakesh Mohan Joshi		-	2.05
2	Sh. Bharat Bhushan Goyal		-	4.00
3	Fee payable		-	0.27





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

### 40 IND-AS-19: Employee Benefits

#### 40.1 General description of defined benefit schemes:

<b>Gratuity</b>	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹ 20 lakh (the ceiling of gratuity shall increase by 25% whenever Industrial DA (IDA) rises by 50%) to eligible employees who render continuous service of 5 years or more.
<b>Leave Encashment Earned Leave (EL) and Half Pay Leave (HPL)</b>	Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 30 days.
<b>Baggage Allowance (PSRB)</b>	Baggage allowance for settlement at home town for employees and dependents.

#### 40.2 Defined Contributions:

**Provident Fund:** The Provident Fund contributions are made by the company to Employee Provident Fund Organisation as per regulations. The obligation of the Company is limited to the amount contributed and it has neither contractual nor any constructive obligation. The Expenses recognised during the period towards defined contribution plan is ₹ 191.53 lakhs (charge to statement of Profit and loss ₹ 9.39 lakhs and Capital work in progress ₹ 182.14 lakhs) {P.Y. ₹ 142.32 lakhs (charge to statement of Profit and loss ₹ 3.89 lakhs and Capital work in progress ₹ 138.43 lakhs)}.

#### 40.3 Risk associated with defined benefits schemes

<b>Interest risk (discount rate risk)</b>	A decrease in the Govt. bond interest rate (discount rate) will increase the plan liability.
<b>Mortality risk</b>	The present value of the defined benefit plan liability is calculated by using Indian Assured Lives Mortality (2012-14) ultimate table. A change in mortality rate will have a bearing on the plan's liability.
<b>Salary risk</b>	The present value of the defined benefit plan liability 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.





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

(Rupees in lakhs)

### 40.4 Other Disclosures/reconciliation, in respect of defined benefit obligation are as under:

Gratuity (unfunded)		EL (unfunded)		HPL (unfunded)		PRSB (unfunded)	
20-21	19-20	20-21	19-20	20-21	19-20	20-21	19-20

#### (i) Reconciliation of present value of defined benefit obligations (Unfunded):

1.	Present value of projected benefits at beginning of the year	58.71	4.91	65.15	10.13	35.06	4.31	0.63	0.03
2	Service Cost	62.33	43.65	96.39	50.75	35.73	27.38	0.74	0.48
3	Past Service Cost	-	-	-	-	-	-	-	-
4	Interest Cost	3.97	0.36	4.40	0.75	2.37	0.32	0.04	0.00
5	Actuarial (Gains) / Losses	(0.04)	9.79	27.63	3.64	(7.11)	3.05	0.01	0.12
6	Benefits Paid	-	-	(9.32)	(0.12)	-	-	-	-
7	Plan Participant's Contribution	-	-	-	-	-	-	-	-
8	Transfer in	-	-	-	-	-	-	-	-
9	Present Value of projected benefit obligations as close of the year (1 to 8)	124.97	58.71	184.25	65.15	66.05	35.06	1.42	0.63
10	Fair Value of Plan assets at close of the year	-	-	-	-	-	-	-	-
11	Net liability recognised in Balance Sheet at close of the year (9-10)	124.97	58.71	184.25	65.15	66.05	35.06	1.42	0.63

#### (ii) Expenses recognised in the statement of Profits & Loss:

1	Service Cost	62.33	43.65	96.39	50.75	35.73	27.38	0.74	0.48
2	Past service cost	-	-	-	-	-	-	-	-
3	Interest cost	3.97	0.36	4.40	0.75	2.37	0.32	0.04	0.00
4	Actuarial (Gains) / Losses	(0.04)	9.79	27.63	3.64	(7.11)	3.05	0.01	0.12
5	Expected return on plan assets	-	-	-	-	-	-	-	-
6	Total expenses	66.26	53.80	128.42	55.14	30.99	30.75	0.79	0.60
6.a	charged to P&L Account	3.18	1.46	5.77	2.94	1.51	0.85	0.03	0.01
6.b	charged to CWIP Account	63.08	52.34	122.65	52.20	29.48	29.90	0.76	0.59





# RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

## Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

### (iii) Actuarial assumptions:

		31-Mar-21	31-Mar-20
1	Method used	Projected Unit Credit	Projected Unit Credit
2	Discount rate (per annum)	6.68	6.76
3	Mortality rate	100% Indian assured Lives mortality (2012-14)	100% Indian assured Lives mortality (2012-14)
4	Withdrawal Rates (per annum) upto 30/44 and above 44 years	Executives and Non Executives 3%/2%/1% depending upon age.	Executives and Non Executives 3%/2%/1% depending upon age.
5	Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	6.00%	6.00%

### Sensitivity analysis of the defined benefit obligation,

#### Effect of half percent change in the discount rate on employee's benefit scheme

(Rupees in lakhs)

Particulars	0.5% decrease in discounting rate		0.5% increase in discounting rate	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Gratuity	13.85	6.76	(12.19)	(5.93)
Leave encashment	19.09	6.76	(16.97)	(5.97)
Half pay leave	6.85	3.72	(6.08)	(3.27)
PRSB	0.13	0.06	(0.13)	(0.06)

#### Effect of half percent change in the salary escalation on employee's benefit scheme

(Rupees in lakhs)

Particulars	0.5% decrease in salary escalation rate		0.5% increase in salary escalation rate	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Gratuity	(12.32)	(6.00)	13.88	6.78
Leave encashment	(17.05)	(6.03)	19.14	6.78
Half pay leave	(6.11)	(3.31)	6.87	3.73
PRSB	(0.12)	(0.05)	0.12	0.05





## RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

#### 41. Assets taken on short term lease

The Company's significant leasing arrangements are in respect of short term leases of premises for offices & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Lease payments in respect of premises for offices Rs. 93.05 lakhs (Previous Period Rs. 26.49 lakhs) are shown in Rent. Lease payments in respect of Vehicle Rs. 74.52 lakhs (Previous Period Rs. 10.64 lakhs) are shown in Hire charges vehicles (grouped under Travelling & Conveyance and handling & freight charges).

#### 42. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	(Rupees in lakhs)	
	31-Mar-21	31-Mar-20
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	1,793.38	43,464.00
<b>Total</b>	<b>1,793.38</b>	<b>43,464.00</b>

#### 43. Contingent liabilities not acknowledged as debts

a. Letter of Credits	1,299.35	600.03
b. Bank Guarantee	30,344.00	-
c. Income Tax Act-1961	29.26	-

#### 44. Impact of Covid-19

The ongoing pre-commissioning activities at Ramagundam site for completion of project were to be stopped upon declaration of lockdown by the State Govt. of Telangana from 23<sup>rd</sup> March, 2020 due to Covid-19. However, on request of RFCL, State Govt. of Telangana allowed start of pre-commissioning activities from 28th April, 2020 and thereafter, project activities have resumed.

Therefore, due to Covid-19 there is no impairment of assets of the Company or impact on Going Concern assumption of the Company.

Previous year figures have been regrouped / rearranged to make them comparative with current financial year.







## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of Ramagundam Fertilizers and Chemicals Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by him vide his Audit Report dated 01 June 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Ramagundam Fertilizers and Chemicals Limited** for the year ended 31 March 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

### Comments on Disclosure

#### Notes to Financial Statements

##### (A) Significant Accounting Policies (Note-1)

Schedule of Companies Act, 2013 states that use life of an assets shall not normally be different from that indicated in Part-C provided that if a Company adopts a useful life or residual life which is different from the useful life or residual value indicated therein, it shall disclose the justification for the same. RFCL has adopted different useful life than the one specified in Companies Act, 2013 in respect of certain assets, however has not disclosed the justification for the same. This has resulted in non-compliance with provision of Companies Act, 2013.

##### (B) Capital Commitments (Note-42): ` 1,793.38 lakh

The above does not include an amount of ` 84.12 lakh in respect of two civil works yet to be executed. As the expenditure on these works is committed to be made, the same should have been included in the Capital Commitments. Non-inclusion of the same has resulted in understatement of 'Capital Commitments' by ` 84.12 lakh.

Place : New Delhi  
Date : 01.10.2021

For and on the behalf of the  
Comptroller & Auditor General of India

Sd/-  
(Keerti Tewari)  
Director General of Audit  
(Agriculture, Food & Water Resources)





**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON  
THE FINANCIAL STATEMENTS OF RAMAGUNDAM FERTILIZERS AND  
CHEMICALS LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021  
AND MANAGEMENT REPLY THEREOF**

COMMENT	MANAGEMENT REPLY
<p>The preparation of financial statements of Ramagundam Fertilisers and Chemicals Limited for the year ended 31st March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 1st June 2021.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Ramagundam Fertilisers and Chemicals Limited for the year ended 31st March 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.</p> <p>Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.</p>	





Comments on Disclosure	
Notes to Financial Statements	
(A) Significant Accounting Policies (Note-1)	
<p>Schedule of Companies Act, 2013 states that useful life of an assets shall not normally be different from that indicated in Part-C, provided that if a company adopts a useful life or residual life which is different from the useful life or residual value indicated therein, it shall disclose the justification for the same. RFCL has adopted different useful life than the one specified in Companies Act, 2013 in respect of certain assets, however has not disclosed the justification for the same. This has resulted in non-compliance with provision of Companies Act, 2013.</p>	<p>RFCL declared its commercial operation in March-21. It has capitalised whole plant in FY 2020-21 based on technical evaluation done by an independent techno-commercial consultant.</p> <p>Based on the report of technical consultant, RFCL adopted useful life of assets capitalised during FY 2020-21, which is different from schedule II in few cases.</p> <p>As per audit comment, RFCL will disclose following additional statement as per Guidance Note for Depreciation in companies as per Schedule II to the Companies Act, 2013 issued by The Institute of Chartered Accountants of India in its accounting policy from FY 2021-22:</p> <p><u>The said useful lives/residual values are supported by technical advice</u></p>
(B) Capital Commitments (Note-42): Rs. 1793.38 Lakhs	
<p>The above does not include an amount of Rs. 84.12 Lakh in respect of two civil works yet to be executed. As the expenditure on these works is committed to be made, the same should have been included in the Capital Commitments. Non-inclusion of the same has resulted in understatement of "Capital Commitments" by Rs. 84.12 Lakhs.</p>	<p>RFCL issued to LOAs to M/s Suryodaya infra project (I) Pvt Ltd and M/s K. Sagar Rao of valuing Rs. 3,95,05,317.79 and Rs. 94,68,000/- respectively for civil works (excluding GST @18%). During the review of capital commitment, audit observed that RFCL has provided the Capital Commitment without considering the GST amount of Rs. 84.12 Lakhs.</p> <p>As per audit comment, RFCL will review its capital commitment disclosures as per audit recommendations in the annual accounts of FY 2021-22.</p>

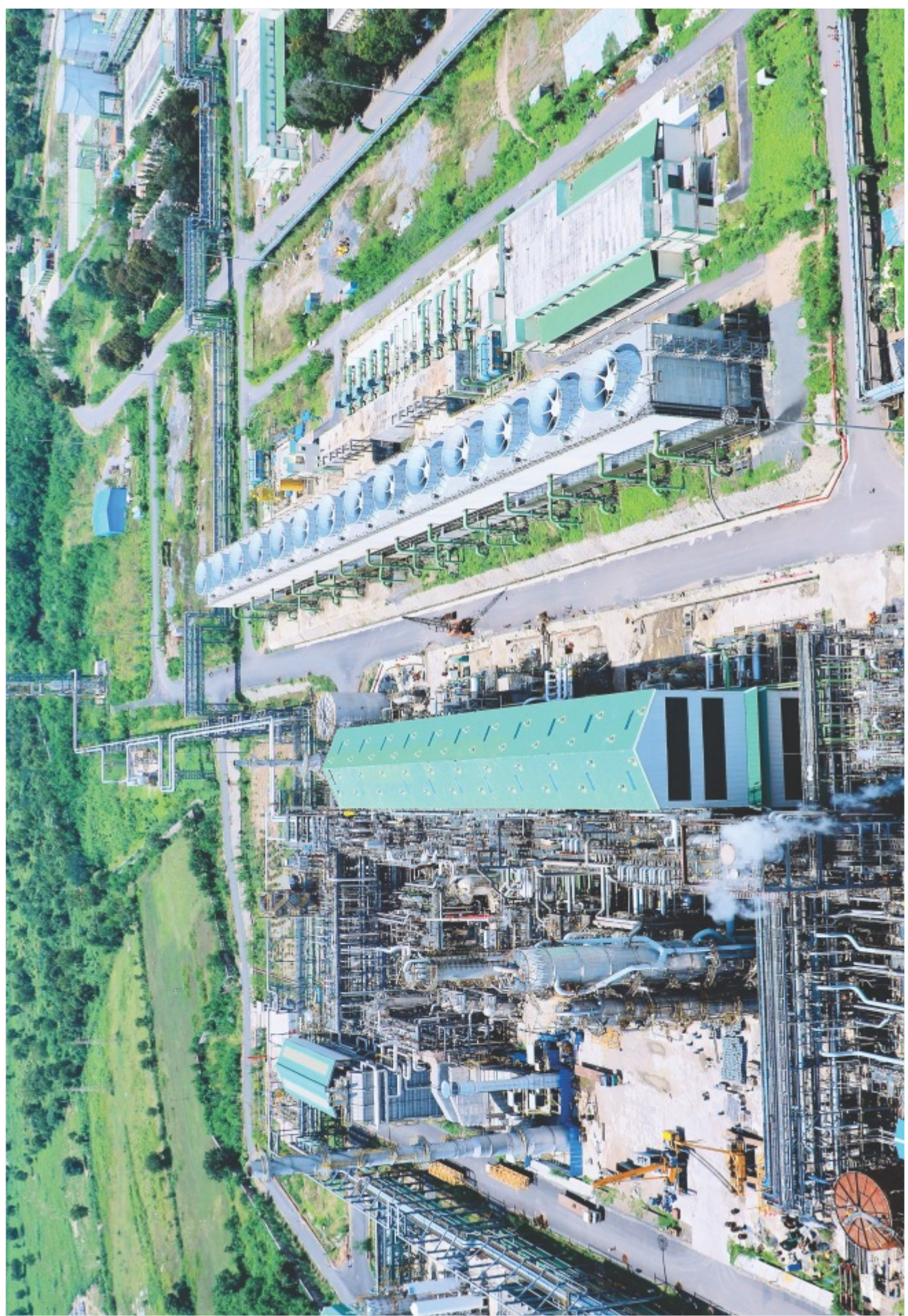


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## NOTES

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## Ramagundam Fertilizers and Chemicals Limited

Registered Office : Scope Complex, 7 Institutional Area, Lodhi Road,  
New Delhi – 110003

Corporate Office : 4th Floor, Kribhco Bhawan, Sector-1, Noida-201301

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