HINDUSTAN URVARAK & RASAYAN LIMITED

(A Joint Venture of NTPC, CIL, IOCL, FCIL & HFCL)

7th Annual Report

2022 - 23

Wall Paintings

Shop Paintings

Reseller's Meeting

Farmer's Fair

CONTENTS

CHIEF FINANCIAL OFFICER
Shri Anurag Shukla

COMPANY SECRETARY
Shri K.P. Gupta [upto 15.07.2023]
Smt. Iti Matta [w.e.f. 10.08.2023]

STATUTORY AUDITORS
M/s L.N. Chaudhary & Co., Chartered Accountants, New Delhi

SECRETARIAL AUDITORS
M/s AK Rastogi & Associates, Company Secretaries, Ghaziabad

INTERNAL AUDITORS
M/s KRA Co., Chartered Accountants, New Delhi

REGISTRAR & TRANSFER AGENTS
NSDL Database Management Limited, Mumbai

BANKERS
State Bank of India, New Delhi
Punjab National Bank, New Delhi
Bank of India, New Delhi
Canara Bank, New Delhi
Union Bank, New Delhi
Bank of Baroda, New Delhi
Indian Bank, New Delhi
EXIM Bank, New Delhi

REGISTERED OFFICE
Core-4, 9th Floor, SCOPE Minar, Laxmi Nagar, District Centre,
New Delhi - 110092
Tel: +91-11-22502267, 22502268
E-mail: info@hurl.net.in
Website: www.hurl.net.in
CIN No.-U24100DL2016PLC358399

LOCATION OF PLANTS
Gorakhpur Plant, Gorakhpur, Uttar Pradesh
Sindri Plant, Dhanbad, Jharkhand
Barauni Plant, Begusarai, Bihar

BOARD OF DIRECTORS

Shri Debasish Nanda
Chairman

Shri U. K. Bhattacharya
Vice Chairman

Shri D. S. Sehgal
Vice Chairman

Shri S.P. Mohanty
Managing Director

Dr A.K. Samantaray
Director

Ms. Renu Narang
Director

Shri Subhajit Sarkar
Director

Shri Padamsing P. Patil
Director

CHAIRMAN'S ADDRESS

(7TH AGM – 21.09.2023)

Dear Shareholders,

It gives me immense pleasure to welcome you all at the 7th Annual General Meeting of your Company and present the Annual Report for the Financial Year (FY) 2022-23. The Directors' Report and Audited financial statements for the year ended March 31, 2023 have already been provided to all the shareholders. With your permission, I take them as read.

I would like to place before you, few highlights of the FY 2022-23.

All the three plants at Gorakhpur, Sindri and Barauni, have commenced production of urea in the FY 2022-23 and collectively produced a total of 12.1 LMT of urea. The Gorakhpur plant achieved Commercial Operations Date (COD) on May 03, 2022, while the Sindri and Barauni plants of your Company commenced commercial operations after the close of the year i.e. on April 15, 2023 and April 30, 2023, respectively, as per the revised scheduled timeline. It is indeed pleasure to inform you that all the three plants of the Company are operating at more than 100% capacity and have recorded the highest ever daily production of 12,241 MT on September 5, 2023.

The capacities of the plants of your Company coupled with the initiatives and commitments of Government of India, will significantly reduce import dependence by 38.1 LMT from FY 2024 onwards. The Company is geared towards realizing the Hon'ble PM vision "ATAM-NIRBHAR" by augmenting indigenous production of urea thereby making India self-sufficient in meeting its urea demand and also save precious foreign exchange through bringing down the volume of imports.

This year also witnessed enhancing your Company's distribution footprints with a robust network of more than 400 dealers across diverse states, including U.P., Bihar, Jharkhand, West Bengal, Odisha, Chhattisgarh and M.P. The next financial year will witness further expansion of dealer network and marketing territory of your Company.

FINANCIAL PERFORMANCE

During the first year of operations of the Gorakhpur plant, your company has achieved revenue from operations of Rs.4401 Crore from sale of neem coated urea, ammonia and subsidy on urea, and the loss (before tax) for FY 2023 was Rs.92.86 Crore. This was primarily due to stabilization of Gorakhpur plant of the Company.

The authorized share capital of the Company as on March 31, 2023 stood at Rs.8,000 Crore and subscribed & paid-up share capital stood at Rs.6887.89 Crore. The Company now proposes to enhance the authorized share capital to Rs.12,000 Crore to fund the revised project cost & cost overrun and also for its future requirements.

COMPLIANCES AND DISCLOSURES

Your Company also continues to make efforts to improve the lives of the communities surrounding our plants, by supporting education, skill development, health care and other areas as a part of fulfilment of its' Corporate Environment Responsibility (CER) obligations. CER projects of about Rs.50 Crore are under implementation, while multiple projects of around Rs.100 Crore are under active consideration and approval.

You will be glad to note that in recognition of the outstanding achievements of the Gorakhpur project in implementing corporate social initiatives and fostering a culture of excellence in human resource management and creating value for the society and the organization through its innovative and impactful projects, it has received Apex Excellence Award in two categories, namely, CSR and HR in April 2023. The Gorakhpur unit also won National Excellence Award in July 2023 in two categories namely, CSR Concern for Health and HR Site Compliance Management, in recognition of its commitment in promoting health and safety of the community and HR Site Compliance Management.

Compliances and disclosures under the Companies Act, 2013 and rules thereunder are being adhered to by your Company.

JOURNEY AHEAD

As we move forward, we will continue to focus on building brand and meet the ever-changing needs of our consumers. We also remain committed in our endeavor to further strengthen the

Company's financial position while continuing to diversify the product portfolio to secure market leadership.

In line with the Government of India's consistent focus on improving soil quality, optimizing soil nutrition, and enhancing livelihood of the farmers', the Company aims to strategically diversify its product portfolio beyond Urea. The Company is pro-actively working to include of essential non-urea bulk-fertilizers such as DAP (Di-ammonium Phosphate), MOP (Muriate of Potassium), NPK (Nitrogen, Phosphorus, and Potassium), as well as non-bulk fertilizers such as Organic and Bio-fertilizers in its product portfolio.

Taking the first step in providing farmers with advanced solutions that promote soil health and maximize crop yields, your Company has launched its non-Urea product a Mycorrhizal bio-fertilizer, under the brand name 'Apna Power', in June 2023. With this successful expansion of product portfolio, the Company is progressing further with import of bulk-fertilizer like DAP. MOP, NPKs etc. in near future.

ACKNOWLEDGEMENTS

On behalf of Board of Directors, I express my heartfelt thanks for the valuable assistance and co-operation extended to the Company by the Government of India, particularly the Prime Minister's Office, Niti Aayog, Ministry of Chemicals and Fertiliser, Ministry of Power, Ministry of Petroleum & Natural Gas, Ministry of Coal, Ministry of Finance, Ministry of Environment, Forests & Climate Change for their support and guidance to the Company. Further, I record my sincere appreciation for the cooperation extended by the Promoter Companies, the office of Comptroller & Auditor General of India (C&AG), the Auditors, Bankers of the Company and other professionals associated with the Company.

Looking forward to FY 2023-24 on a note of optimism, I would also like to thank my colleagues on the Board and the employees for their unstinting support. I would also like to thank our suppliers, consumers, distributors, partners and, above all, our shareholders for their continuing faith and confidence in the company. I look forward to your continued support in our journey ahead.

Sincerely,

Sd/-

Shri Debasish Nanda

Chairman

Date:21.09.2023

Place: New Delhi

DIRECTORS' REPORT FOR THE FY2022-23

Dear Members,

On behalf of the Board of Directors, it gives me immense pleasure to present the 7th Annual Report on the performance of your Company along with Audited Financial Statements for the Financial Year ended on March 31, 2023 together with Auditor's Report and comments of C&AG of India thereon.

1. COMPANY OVERVIEW:

Your Company has been incorporated as a public limited company and a Special Purpose Vehicle (SPV) on June 15, 2016. Your Company is a Joint Venture (JV) of three Maharatna companies viz. Coal India Limited (CIL), NTPC Limited (NTPC), Indian Oil Corporation Limited (IOCL), and the other two promoters viz. Fertilizer Corporation of India Limited (FCIL) and Hindustan Fertilizer Corporation Limited (HFCL). The JV Agreement for formation of your Company was executed on May 16, 2016, amongst CIL and NTPC. Subsequently, FCIL, HFCL and IOCL were also inducted as JV partners for HURL based on supplementary JV Agreement executed amongst the Promoters viz. CIL, NTPC, IOCL, FCIL and HFCL on October 31, 2016. The proposed equity shareholding of CIL, NTPC and IOCL as the lead promoters is total 89.01% in equal ratio (i.e. 29.67% each) and other two promoters viz. FCIL and HFCL to hold balance 10.99% equity shares against their usable assets, opportunity cost and use of land on lease basis, at the three plant locations.

Your Company is implementing Natural Gas based urea manufacturing unit at Gorakhpur, Sindri and Barauni, each of these three Plants are having Ammonia unit with design capacity of 2,200 Metric Tonnes Per Day (MTPD) and Urea unit with design capacity of 3,850 MTPD, in pursuance to the Government of India's approval dated July 13, 2016 for revival of closed Fertilizer Plants of HFCL in Barauni (Bihar) and of FCIL in Gorakhpur (Uttar Pradesh) and Sindri (Jharkhand). The land owned by FCIL / HFCL (JV partners) has been leased to HURL for all the three projects by way of Lease Deed under a Concession Agreement. Projects & Development India Limited (PDIL) is the Project Management Consultant (PMC) for all the three projects.

The three plants of your Company have installed capacity of approx.1.27 Million Metric Ton Per Annum (MMTPA) each, for production of 'Neem' coated prilled urea using 'Natural gas' as feedstock. GAIL and IOCL are supplying Natural Gas to these three plants.

All the three plants of your Company integrate the best technologies, with the aim to meet the demand for urea in seven States of India, namely Uttar Pradesh, Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, West Bengal and Odisha, and to achieve self-sufficiency in urea sector.

The Honorable Prime Minister of India had inaugurated the Gorakhpur project on July 22, 2016; Sindri Project on May 25, 2018 and the Barauni project on February 17, 2019. The Honorable Prime Minister of India dedicated the Gorakhpur Fertilizer Plant to the nation on December 7, 2021.

2. OPERATIONAL AND FINANCIAL PERFORMANCE:

The highlights of the performance of your Company is as under:

A. Operational Performance: During the Financial Year (FY) 2022-23, the Gorakhpur plant of your Company commenced commercial operations on May 03, 2022, and the physical performance of the plant was as under:

(Amount in MT)

Sl. No.	Operational Parameters	Year ended 31.03.2023
1	Production of Urea	8,39,597
2	Sale of Urea	8,34,853

During the year under review, the other two projects viz. Sindri and Barauni could not achieve the Date of Commencement of Commercial Operations, however, the physical performance during the pre-commissioning period from November 2022 onwards upto March 2023 was as follows:

(Amount in MT)

Sl. No.	Operational Parameters	Sindri Plant	Barauni Plant
1	Production of Urea	1,73,599	1,74,089
2	Sale of Urea	1,50,885	1,67,547

B. Financial Performance: The key highlights on the financial performance of your company for the FY ended March 31, 2023 with comparative position of previous year's performance are as under:

(Amount in Rs. Lakhs)

Sl. No.	Financial Parameters	Year ended 31.03.2023	Year ended 31.03.2022
1	Revenue from Operations	4,40,119.53	-
2	Other Income	4,799.67	629.25

3	**Total Income** [(1) + (2)]	**4,44,919.20**	629.25
4	Total Expenses	4,54,205.40	2,512.34
5	**Profit / (Loss) Before Tax** [(3) – (4)]	**(9,286.20)**	(1,883.09)
6	**Tax Expense**	**(3,182.01)**	101.00
7	**Profit / (Loss) After Tax**	**(6,104.19)**	(1,984.09)
8	**Earnings per equity Share**	**(0.10)**	(0.05)
9	**Net Worth**	**7,29,502.23**	5,35,634.55

The financial statements for the FY 2022-23 have been prepared in pursuance of the provisions of the applicable Indian Accounting Standards (Ind AS) prescribed under the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

3. REVIEW OF OPERATIONS:

During the first year of operations of the Gorakhpur plant of your Company, the total revenue from operation for the year ended March 31, 2023 was Rs.4,40,119 Lakhs, which was mainly on account of sale of neem coated urea, sale of ammonia and subsidy on urea. The loss (before tax) for the year ended March 31, 2023 was Rs.9,286 Lakhs.

Despite the challenges faced by your Company due to Omicron wave of Covid-19 pandemic in the beginning of the year 2022 and pandemic affects prior to that period, your Company has achieved the following major milestones for its three projects:

A. **Gorakhpur Plant:** The plant commenced urea production on April 11, 2022 and urea dispatches by road was started. Your Company has tied up with Railways for urea transportation under the ‘Gati Shakti’ scheme of the Government of India. The first urea rake was dispatched from the plant on April 20, 2022. The entire urea is being supplied through rail and road in Uttar Pradesh (U.P.) as per the direction and allocation from Department of Fertilizers (DoF). The plant commenced commercial operations on May 3, 2022.

B. **Sindri Plant:** Mechanical completion for Ammonia unit of the plant was achieved on July 27, 2022 and for Urea unit on September 26, 2022. The Ammonia unit commissioned on October 5, 2022 and Urea unit commissioned on November 07, 2022. The plant commenced urea production on November 07, 2022. Urea dispatch started from the plant on January 25, 2023. The entire urea is being supplied through rail and road in Madhya Pradesh (M.P.), Odisha, West Bengal, and Jharkhand as per the direction and allocation from DoF.

C. **Barauni Plant:** Mechanical completion of Ammonia unit of Barauni plant was achieved on August 01, 2022 and for Urea unit on September 21, 2022. The Ammonia unit was commissioned on October 8, 2022 and Urea unit was commissioned on October 18, 2022. The plant commenced urea production on October 18, 2022. Urea dispatch was started from the plant on November 13, 2022. The entire urea is being supplied through rail and road in Bihar, Chhattisgarh, M.P., West Bengal, Assam, U.P. and Odisha as per the direction and allocation from DoF.

After the close of the year, the sustained load test (SLT) for both Sindri and Barauni plants of your Company were completed and these plants commenced commercial operations on April 15, 2023 and April 30, 2023, respectively.

4. SALES & MARKETING:

During the FY 2022-23, all the three plants of your Company commenced production of urea and collectively produced a total of 12.1 LMT of urea, which was dispatched to HURL's primary marketing territory consisting of States of U.P., Bihar, Jharkhand, West Bengal, Odisha, Chhattisgarh and M.P.

Your company plans to expand its reach to secondary marketing territory consisting of States of Assam, Haryana, Punjab and Rajasthan as well. This strategic expansion into new territories will lead to significant growth in your Company's customer base and enhanced sales opportunities and propel the Company towards long-term business sustainability.

Overall, in the FY 2022-23, the strategies that were conceptualized and formulated during the preceding years were launched, some of these initiatives taken during the year were as under:

a. **Branding and Promotion**: Your company implemented comprehensive branding and promotional campaigns with the aim of augmenting brand visibility and awareness. The marketing endeavors of the Company encompassed a diverse range of strategies, including the utilization of social media platforms, active participation in trade fairs and exhibitions, forging strategic collaborations with various industry stakeholders, *Apna Samvad* meetings for engagement with the stakeholders through two-way dialogue for business interaction.

   Your Company celebrated the inaugural arrival of 'Apna Urea' at Railhead, Dealer & Retailer points, solidifying its partnerships and creating impact in the market. In addition, the Company conducted various impactful below-the-line (BTL) activities such as the

Jeep Campaign, Farmer's Fair/Meet, Reseller's Meet, and Shop/Wall paintings. These initiatives facilitated direct interaction with the target customers.

b. **Product Differentiation**: Your Company implemented targeted strategies for product differentiation to effectively highlight the unique attributes and advantages of the Company's products. This included conducting comprehensive awareness programs and training sessions for farmers, to showcase the compelling value proposition of the Company's products. Your Company's primary objective was to establish 'Apna Urea' as a recognized and trusted brand in the market. However, in accordance with the directives from the Government of India on 'One Nation One Fertilizer policy', the focus was strategically shifted from brand-building of 'Apna Urea' to providing value-added services and promote HURL's Corporate brand. In view of this, your company has started selling its urea product under 'Bharat Urea' w.e.f. January 1, 2023. This strategic shift enabled your Company to meet the evolving demands of its customers while aligning with the national agenda.

c. **Channel Strategy**: Your company has successfully appointed a robust network of more than 400 dealers across diverse states, including U.P., Bihar, Jharkhand, West Bengal, Odisha, Chhattisgarh and M.P.

After the close of the year, your Company has invited applications for new dealership opportunities within its marketing territory, as a part of its ongoing efforts to expand and fortify its marketing network. These measures will enlarge the area of operations, enhance customer accessibility and strengthen the overall marketing capabilities of the Company.

d. **Logistics**: Your company initially aimed to establish an integrated logistics model uniformly across the marketing territory, but based on initial exposure and learning, the Company adapted to a geography-specific approach that aligns with the best practices within the industry. This strategic shift, optimized the logistics operations of the Company and helped in better servicing the market. The Company's logistics team played a pivotal role in ensuring smooth and continuous evacuation of urea from all three plants, through meticulously planned road and rail dispatches.

e. **Product Portfolio**: In line with the Government of India's consistent focus on improving soil quality, optimizing soil nutrition, and enhancing livelihood of the farmers', the Company aims to strategically diversify its product portfolio beyond Urea. During the year, your Company has included essential non-urea bulk-fertilizers such as DAP (Di-ammonium Phosphate), MOP (Muriate of Potassium), NPK (Nitrogen, Phosphorus, and Potassium), as well as non-bulk fertilizers such as Organic and Bio-fertilizers in its product portfolio. These additions are complemented by a range of value-added services including Crop Advisory, Soil Testing, Farm Mechanization etc. This comprehensive approach will strengthen your Company's position as a leading player in the competitive agri-input sector.

After the close of the year in June 2023, your Company launched its first non-Urea product, under the brand name 'Apna Power' (Mycorrhizal bio-fertilizer), which is in line with the commitment for innovation and sustainable agricultural practices. The launch of this bio-fertilizer is the first step towards providing farmers with advanced solutions that promote soil health and maximize crop yields, and in the near future the product portfolio of the Company shall be expanded with other non-urea products as well.

By continuously expanding the Company's product offerings and integrating technological advancements, the Company intends to empower farmers to achieve optimal outcome while contributing to the overall growth and prosperity of the agriculture industry. The Company's commitment to delivering superior agri-input solutions will help in strengthening its position as a trusted partner for farmers seeking effective and sustainable farming practices.

f. **Technical Services - "Hello HURL"** – Your Company's crop advisory service is dedicated to providing farmers with personalized assistance and expert advice in the field of agriculture. These services were initiated with the aim to address specific queries of farmers' and support them in taking informed decisions about their farming practices, and it continues to effectively cater the diverse needs of the farmers. Through this service, the Company offers timely and accurate solutions to farmers' inquiries, helping them overcome challenges and optimize their agricultural outcomes. With these services, your Company strives to empower farmers with the knowledge and corrective measures needed for agricultural excellence.

g. **Digital Strategy**: Keeping pace with the ongoing digitalization, your company has strengthened its 'Apna Urea App' with enhanced features like event management, survey, polling and feedback etc. to help reach the end user farmer and its channel partners. In furtherance to these efforts and with the long-term perspective, the Company has initiated steps to develop Enterprise HURL Portal (EHP) providing integrated view of the digital environment of the Company and integrating the existing

ERP modules and IFMS application with the EHP. This proposed digital environment would enable in efficient operation of various functions such as dealer management, logistics, warehouse management, sales management, customer relation management etc. and thereby benefitting multiple stakeholders.

h. **‘Apna Urea’ brand on social media platforms**: After your Company forayed into the realm of social media, it has accomplished several significant milestones. Apna Urea made its debut on Facebook in August 2020, and has an impressive following of over 12,000 followers. The updates made by your Company on social media platforms have garnered tremendous engagement, reflecting the strong connection established by the Company with its stakeholders. Building upon this success, the Company has expanded its presence to other popular social media platforms such as Twitter, Instagram, LinkedIn, and YouTube under its brand name ‘Apna Urea’. By embracing these diverse platforms, your company aims to broaden its reach and effectively engage with a wider audience, further strengthening the brand presence and visibility of the Company in the digital sphere. As stated earlier, in alignment with ‘One Nation One Fertilizer’ policy of the Government of India, your Company has transitioned to ‘Bharat Urea’ brand from ‘Apna Urea’ brand for marketing of its neem coated urea. Now, the Company proposes to use the umbrella brand ‘APNA’ to promote various non-subsidized fertilizers slated to be launched in times to come.




Welcome of first Apna Urea arrival at Retailers’ point & Pooja ceremony


Farmers' Fair and Farmers' Meetings

i. **Customer and market insights (CMI)**: It is crucial to bring the consumer's voice to the forefront and provide vital insights on consumer behavior, market trends, and emerging consumer needs. The Company has conducted multiple research studies in the area of brand name selection, packaging test, Apna Urea satisfaction study, new product development strategy study, Vermicompost market feasibility study etc. This has helped the Company to identify opportunities and adapt strategies based on actual research data. CMI collaborative approach will ensure customer-centric decision-making and drive innovation, leading to long-lasting customer relationships in a dynamic marketplace.

5. PROJECT COST & ITS FINANCING:

The total revised cost approved for the execution of the all the three projects of your Company as on March 31, 2023 was Rs.25,12,079 Lakh (Rs.8,60,271 Lakh for Gorakhpur Project, Rs.8,13,009 Lakh for Sindri Project and Rs.8,38,799 Lakh for Barauni project), and was allocated in the equity share capital of Rs.7,38,288 Lakh and debt portion of Rs.17,73,791 Lakh, with debt equity ratio of 71:29.

The financial closure of the Gorakhpur project of your Company was achieved by tying up the debt requirement of Rs.5,31,433 Lakh from consortium of banks, lead by State Bank of India (SBI) on September 22, 2018 and in respect of Sindri & Barauni project the debt requirement of Rs.5,23,276 Lakh and Rs.5,28,244 Lakh, respectively, was tied with the consortium of banks, lead by SBI on October 11, 2018 in the form of secured loan. Your company had availed a total loan of Rs.15,82,953 Lakh from consortium of banks, lead by SBI and outstanding balance of loan as on March 31, 2023 stood at Rs.14,35,941 Lakh.

Your company has availed term loan facility / secured loan of Rs.1,90,838 Lakh from consortium of banks, lead by SBI on June 10, 2022 for all the three projects.

The Lead Promoter Companies viz. CIL, NTPC and IOCL have provided Sponsors' Undertaking for the said loan.

Also, your company was sanctioned Working capital facility / secured loan of Rs.4,17,903 Lakh from consortium of Banks, Lead by SBI on June 10, 2022 for all the three projects and outstanding balance as on March 31, 2023 stood at Rs.25,304 Lakh.

After the close of the year, the revised project cost approved by the Board of Directors of your Company for all the three projects, due to extension in Date of Commencement of Commercial Operations primarily due to 2nd wave of COVID-19 pandemic and resultant lockdown, executed contracts and balance construction work is as under:

(Amount in Rs. Lakh)

Project	Present Revised Cost
Gorakhpur	9,44,320
Sindri	8,93,925
Barauni	9,51,215
Total Project Cost	**27,89,460**

6. SHARE CAPITAL & DISINVESTMENT:

SHARE CAPITAL:

The Authorised Share Capital of the Company, as on March 31, 2023 stood at Rs.8,00,000 lakhs. During the FY 2022-23, your Company allotted equity shares of Rs.1,99,962 lakhs on right issue basis. Consequently, the paid-up share capital of the Company as on March 31, 2023 increased to Rs.6,88,789 lakhs from Rs.4,88,827 lakhs as on March 31, 2022.

The details of share capital allotted during the FY 2022-23 is given below:

Sl. No. *	Name of the Shareholder	Category	Total Number of Equity Shares as on March 31, 2022*	Allotments made during the FY 2022-23		Total Number of Equity Shares as on March 31, 2023	%age of Share-holding
				Allotment on June 13, 2022 @Rs.10/- per share	Allotment on Dec. 15, 2022 @Rs.10/- per share		
1.	Coal India Limited (CIL)	**Promoter**	1629415000	313070000	353470000	2295955000	33.33%
2.	NTPC Limited (NTPC)		1629415000	313070000	353470000	2295955000	33.33%
3.	Indian Oil Corporation Limited (IOCL)		1629415000	313070000	353470000	2295955000	33.33%
Total			**4888245000**	**939210000**	**1060410000**	**6887890000**	

**One share held by one nominee of CIL, NTPC and IOCL each.*

The entire share capital of the Company is held in the dematerialized mode. There was no share subscription money pending allotment as on March 31, 2023. The issued, subscribed and paid-up share capital as on March 31, 2023 stood at Rs.6,88,789 lakhs.

List of Shareholders as on March 31, 2023:

Sl. No.	Name of the Shareholder	No. of Shares Held (of Rs.10/- each) as on 31.03.2023	No. of Shares Held (of Rs.10/- each) as on 31.03.2022
1.	Coal India Limited (CIL)	229,59,54,999	162,94,14,999
2.	CIL and Shri Debasish Nanda	1	1
3.	NTPC Limited (NTPC)	229,59,54,999	162,94,14,999
4.	Ms. Renu Narang (holding share on behalf of NTPC)	1	1
5.	Indian Oil Corporation Limited (IOCL)	229,59,54,999	16,29,414,999
6.	Shri Sanjay Kaushal (holding share on behalf of IOCL)	1	1
7.	Fertilizer Corporation of India Limited (FCIL)	16,667	16,667
8.	Hindustan Fertilizer Corporation Limited (HFCL)	8,333	8,333
	Total	**688,78,90,000**	**488,82,70,000**

In line with cabinet approval dated July 13, 2016 regarding revival of Gorakhpur and Sindri (units of FCIL) and Barauni (unit of HFCL), FCIL and HFCL shall together hold 10.99% equity Shareholding in the company at commercial operations date (COD) of the project. Detailed modalities for issue of shares to FCIL and HFCL have been mutually finalized by the Promoters. During the FY 2022-23, COD was achieved for Gorakhpur plant and commercial production has been started. However, pending issue of shares, there is no change in number of shares held by FCIL and HFCL.

DISINVESTMENT:

Department of Fertilisers (DoF), Ministry of Chemical & Fertilizers vide letter dated October 12, 2022 to all the Lead Promoters (NTPC, IOCL & CIL) has given direction to take action for Disinvestment / Privatisation of HURL in line with the following:

(i) Department of Investment and Public Asset Management (DIPAM), Ministry of Finance Office Memorandum (OM) dated February 04, 2021 issued "New Public Sector Enterprises Policy for *Atmanirbhar Bharat"* where fertiliser sector is non-strategic sector and it is to be considered for privatisation, if feasible, or closure.

(ii) DIPAM vide its OM dated June 01, 2022 has empowered Board of Parent CPSEs to recommend disinvestment / closure of Joint Ventures & Subsidiaries to DIPAM through their Administrative Ministry for seeking approval of Alternative Mechanism (AM).

In line with above, DoF has instructed your Company has to coordinate the disinvestment process. The Board of Directors of all the Lead Promoters and their respective Administrative

Ministries viz. Ministry of Power, Ministry of Coal, and Ministry of Petroleum & Natural Gas, have accorded in-principle approval for disinvestment of their stake in HURL.

7. RESERVES:

Your Company proposes to transfer loss of Rs.8,786.77 lakhs (Previous year loss of Rs.2,692.45 lakhs) to reserves under retained earnings.

8. DIVIDEND:

In view of the loss incurred by the Company during the FY 2022-23, the Board of Directors has not recommended any dividend.

9. SECURED LOANS AND RATING:

The details of current and non-current borrowings / secure loans have been disclosed in the Financial Statements at note no.16.

During the FY 2022-23, India Ratings & Research Private Limited (Ind Ra) in October 2022 has provided 'IND A/Stable' rating for Term Loan of Rs.17,73,791 Lakhs to your Company and 'IND A/Stable/IND A1' to Fund-based limits of Rs.3,02,964 lakhs and non-fund based limits of Rs.10,000 Lakhs. Ind Ra has revised HURL's Outlook to 'Stable' from 'Positive' while affirming the Long-Term rating at 'IND A'.

The said rating was reaffirmed in February 2023 for the outstanding term loan. of Rs.16,84,311 lakhs Fund-based limits of Rs.3,02,464 lakhs and non-fund-based limits of Rs.1,15,439 Lakhs.

10. DETAILS ON IMPACT OF COVID-19:

The details on impact of COVID-19 pandemic has been disclosed in the Financial Statements at note no.33.6.

11. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

No material changes and commitments have occurred between the end of the financial year and the date of this report which affect the financial position of the Company, except that based upon Supplementary audit observation by AMG I, Office of the Director General of Audit (Agriculture, Food and Water resources):

A) The revised amount of capital commitment for contracts is Rs.1,09,898 Lakhs for FY 2022-23 (PY: Rs.1,99,543 Lakhs).

B) At the 61st Board Meeting held on April 11, 2023, the project cost has been revised to Rs.27,89,460 Lakhs and on account of revised project cost the additional provision of Enterprises Social Commitment of Rs.6,803 Lakhs shall be created in FY 2023-24.

12. GENERAL INFORMATION – GLOBAL & INDIAN ECONOMY, OVERVIEW OF INDUSTRY, AND OUTLOOK OF THE COMPANY:

The global economy batted through various challenge that hit global growth in the last century. The Covid-19 pandemic notified by the WHO in January 2020 was the first challenge. As the global economy was recovering from the pandemic induced output contraction, the Russian-Ukraine conflict broke out in February 2022, trigging a swing in commodity prices and thus accelerating existing inflationary pressures posing the second challenge. Soon after, the third challenge emerged where nations undertook monetary tightening to rein in inflation causing growth to weaken. This was followed by fourth challenge of nations compelled to protect their respective economic space, slowed cross border trade. Another challenge to growth was pandemic induced i.e. loss of education and income earning opportunities. India, too faced these set of challenges but withstood them better than most economies.

In the year 2022, India marked its 75th year of Independence. The year has special importance due to India becoming fifth largest economy, measured in current Dollars. As per the provisional estimates of national income 2022-23 released by the Ministry of Statistics and Programme Implementation, GDP at Constant (2011-12) prices for the year 2022-23 was estimated to attain a level of Rs.160.06 lakh crore, as against the First revised estimates of GDP for the year 2021-22 of Rs.149.26 lakh crore. The growth in real GDP during 2022-23 is estimated at 7.2% as compared to 9.1% in 2021-22.

India's food grain requirement to feed the estimated population of 1400 million by 2025 will be 300 million tonnes (based on rice, i.e. un-husked paddy rice). The country will require about 45 million tonne of nutrients from various sources of plant nutrients i.e. fertilizers, organic manures and bio-fertilizers. As per the Third Advance Estimates for 2022-23 released in May 2023, the total food grain production in the country is estimated at a record of 3305.34 lakh tones which in higher by 149.18 LMT as compared to previous year 2021-22. The further increase in crop production will have to come from an increase in yields as there is limited scope for increasing cultivated area. Fertilizer use will remain key to future development of agriculture. India is the second largest consumer and third largest producer of finished fertilizer in the world. India is net importer of fertilizers, both finished products as well as raw materials.

Urea in the most important nitrogenous fertilizer in the country. It is a source of Nitrogen, an essential nutrient crucial for crop growth and development. Amongst the major fertilizers, against the total requirement, around 75% of Urea 40% of DAP (Di-ammonium Phosphate) and 85% of NPK (nitrogen-phosphorus-potassium) are produced in the country by PSUs and private companies. The rest in imported on account of Government of India (as in case of Urea) and by the companies in case of P&K (Phosphatic and Potassic) (under Open General Licences) to bridge the gap between requirement and production of fertilizers.

During FY 2022-23, India's production of urea, experienced a year-on-year increase of 14% from 251 LMT in 2021-22 to 285 LMT in 2022-23. The consumption / sales of urea increased by 6% i.e. from 342 LMT in 2021-22 to 364 LMT in 2022-23. During this year, the overall imports of fertilizers increased by 6% compared to the same period in FY 2021-22.

As the Indian economy entered its *Amrit Kaal*, the 25-year journey towards its centenary as a modern independent nation, the Government introduced various policy measures for improvement in agriculture production and growth of fertilizer sector. This included critical transport infrastructure projects for last and first mile connectivity, for which fertilizer sector has also been identified; PM-PRANAM (PM Programme for Restoration Awareness Nourishment and Amelioration of Mother Earth) launched to incentivize States and Union Territories to promote alternative fertilizers and balanced use of Chemical Fertilizers. To facilitate farmers to adopt natural farming, 10,000 Bio-Input Resource Centres are being set-up, creating a national level distributed micro fertilizer and pesticide manufacturing network. During the year, the Government of India is implementing schemes such as Urea Subsidy Scheme, Nutrient Based Subsidy Scheme (NBS) and Direct Benefit Transfer (DBT) projects for fertilizer subsidy payments which are implemented on a Pan India basis for ensuring adequate availability of fertilizers to the farmers. In addition, the Government has also implemented the 'One Nation One Fertilizers scheme' under the Fertilizer Subsidy Scheme namely "Pradhanmantri Bhartiya Janurvarak Pariyojna" (PMBJP), whereby the Government has implemented single brand for Fertilizers and Logo. The existing village, block / sub-district / taluk and district level fertilizer retail outlets are being converted into model fertilizer retail outlets during this year. These shops will act as "one stop shop" for all agriculture related inputs and services.

Preparedness of HURL to tap opportunities and face challenges:

The Cabinet Committee on Economic Affairs on March 22, 2022, has extended the applicability of New Investment Policy (NIP)-2012 for the three plants of your Company. The capacities of the plants of your Company coupled with the NIP, will significantly reduce import dependence by 38.1 LMT from 2023 onwards. Focus on distribution and timely availability of Urea to farmers, in the eastern part of the country will help in higher production and bringing prosperity in the area. The Company is fully geared up for evacuation and distribution of Urea from all the three plants, Gorakhpur, Barauni and Sindri. Highly innovative, transparent, and technology-based solutions are being used for effective and efficient distribution and supply chain management.

Keeping in view the buoyancy expected in the fertilizer market, the company has plans for expansion of product portfolio after detailed study and viability, which has been fructified after the close of the year with the launch of its first non-urea fertilizer in Bio-fertilizer category (Mycorrhiza).

The company is closely studying the performance of Nano Urea in the field, and the progress of developmental work on Nano DAP and NPK. The company shall try to leverage the R&D facility and expertise, of its promotor companies in development of Nano urea and also Nano DAP/NPK, so that the company remains ahead in the fertilizer sector with the Nano technology.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy:

All the three plants are designed with state-of-the-art technology and advanced energy conservation measures, including gas turbines for power generation, waste heat recovery steam generation. On completion, these plants would be the amongst lowest specific energy consuming fertiliser plants in the country, and are expected to achieve the best energy consumption of less than 5.0 Gcal per MT of urea.

B. Technology Absorption:

All the three fertilizer plants are based on eco-friendly natural gas as feedstock and are employing globally proven technologies from reputed licensors:

(a) For Ammonia - Haldor Topsoe Technology, Denmark for Sindri and Barauni plants and KBR Technology USA, for Gorakhpur plant;

(b) For Urea - Saipem from Italy for Sindri and Barauni plants and Toyo Engineering from Japan for Gorakhpur plant.

The plants are being constructed on the principle of Reduce-Reuse-Recycle so as to ensure zero liquid discharge. They shall have minimal gaseous emissions with continuous online monitoring systems.

The plants are being constructed with state-of-the-art distributed digital instrumentation for enhanced reliability in operations and to minimize interruptions. Further, several advanced safety features have also been included, like double-integrity, double-wall ammonia storage tanks, blast-proof central control room, with no open vents for process gas and Ammonia.

The particulars as prescribed under the provisions of section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are as follows:

A. **Conservation of Energy:** None
B. **Technology Absorption:** None
C. **Foreign Exchange Earnings & Outgo:** Earnings – Nil; Outgo - Rs.16,497.32 lakhs

14. RESEARCH AND DEVELOPMENT (R&D):

No R&D activities were carried out during the period under review.

15. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

DIRECTORS:

During the FY 2022-23, Shri C.M.T Britto (DIN:02449069), Independent Director ceased to be Director of the Company w.e.f. April 25, 2022 on completion of his 2 years' tenure.

Shri Arun Kumar Gupta (DIN:03501962), Managing Director ceased to be associated with the Company consequent upon his resignation w.e.f. May 25, 2022. Shri S.C. Mudgerikar (DIN: 03498837), CMD, Rashtriya Chemicals and Fertilizers Limited was appointed as Managing Director, HURL w.e.f. May 25, 2022 on additional charge basis and as an interim measure on the advice of the Ministry of Chemical & Fertilizers (MoC&F). Shri S.C. Mudgerikar relinquished the charge of the post of Managing Director w.e.f. March 14, 2023 and Shri S.P. Mohanty (DIN:05336787) CMD, Brahmaputra Valley Fertilizer Corporation Limited (BVFCL) was appointed as Managing Director, HURL on additional charge basis w.e.f. date of his assumption of charge i.e. March 15, 2023.

Shri B. Veera Reddy (DIN:08679590), ceased to be Vice Chairman of the Company w.e.f. August 2, 2022, pursuant to change in nomination by CIL and Shri Debasish Nanda (DIN: 09015566) was nominated as Vice Chairman of the company w.e.f. August 3, 2022. Shri Debasish Nanda was designated as Chairman of the Company w.e.f. August 16, 2022.

Shri Shrikant Madhav Vaidya (DIN:06995642), ceased to be Chairman of the Company w.e.f. August 3, 2022, pursuant to change in nomination by IOCL and Shri Subhajit Sarkar (DIN:09706305) was nominated as Director. Shri Subhajit Sarkar was appointed as Director of the Company w.e.f. August 17, 2022 i.e. date of obtaining DIN.

Shri Niranjan Lal (DIN:07965269), ceased to be a Director of the Company w.e.f. October 30, 2022, pursuant to change in nomination by FCIL / HFCL, and Shri Padamsing Pradipsing Patil (DIN:09747446), was appointed as Director of the company w.e.f. October 30, 2022.

The composition of the Board of Directors of the Company as on March 31, 2023, was as follows:

S. No.	Name and DIN	Designation
1.	Shri Debasish Nanda (DIN: 09015566)	Chairman
2.	Shri U.K. Bhattacharya (DIN: 08734219)	Vice Chairman
3.	Shri D.S. Sehgal (DIN: 09065182)	Vice Chairman
4.	Shri S.P. Mohanty (DIN: 05336787)	Managing Director
5.	Dr. A.K. Samantaray (DIN: 07090691)	Director
6.	Ms. Renu Narang (DIN: 08070565)	Director
7.	Shri Subhajit Sarkar (DIN: 09706305)	Director
8.	Shri Padamsing P. Patil (DIN: 09747446)	Director

In accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company, Shri D.S. Sehgal, Vice Chairman shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, have offered themselves for re-appointment. The Nomination & Remuneration Committee and the Board of Directors recommends his re-appointment as Director and their brief resume is annexed to the Notice of the AGM.

Shri Padamsing P. Patil was appointed as Additional Director by the Board of Directors of your Company with effect from October 30, 2022 and Shri S.P. Mohanty was appointed as Additional Director & Managing Director with effect from March 15, 2023. The appointment of both the Directors is proposed to regularized at the ensuing AGM and has been included in the notice of the AGM.

KEY MANAGERIAL PERSONNEL (KMP):

Shri B.K. Garg ceased to be Chief Financial Officer (CFO) & KMP of the Company w.e.f. July 31, 2022 consequent upon his retirement from the nominating Promoter Company viz. NTPC. Shri Anurag Shukla, from NTPC was appointed as CFO & KMP of the Company, w.e.f. September 28, 2022.

The following were the KMP of the Company as on March 31, 2023:

S. No.	Name	Designation
1.	Shri S.P. Mohanty	Managing Director
2.	Shri Anurag Shukla	Chief Financial Officer (CFO)
3.	Shri K.P. Gupta	Company Secretary (CS)

16. APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:

HURL is an unlisted public company and a joint venture company of five CPSE, therefore, in terms of provisions of section 149(4) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, HURL is not required to appoint Independent Directors on its Board. Therefore, declaration of independence by the Independent Directors in terms of section 149(6) of the Companies Act 2013 is also not applicable.

In terms of JV Agreement and Supplementary JV Agreement dated May 16, 2016, and October 31, 2016, respectively, and Articles of Association of the Company, the directors of the Company are nominated by Promoters and all the Directors are non-Executive part time, except the Managing Director. During FY 2022-23, no payment was made to any non-Executive Director. The remuneration of the Managing Director is decided by the Board of Directors and the remuneration paid during FY 2022-23 is detailed in the Financial Statements at Note No. 33.2.

17. PERFORMANCE EVALUATION:

All the Directors of your Company are nominated by Promoters (which are PSUs) who are Non-Executive part time, except Managing Director. The directors nominated by Promoters on the Board of HURL are being evaluated under well laid down procedure in their respective Companies. Therefore, no performance evaluation of the Non-executive and Non-Independent Directors and Board/Committees was carried out. The remuneration of Managing Director (except those on a additional charge basis) is fixed by the Board on the recommendation of Nomination & Remuneration Committee (NRC), and the Board of Directors continuously evaluates his performance.

18. MEETINGS OF THE BOARD OF DIRECTORS, AGM AND ATTENDANCE OF DIRECTORS:

During the FY 2022-23, eight (8) Board Meetings were held i.e. on April 28, 2022; May 24, 2022; June 30, 2022; August 16, 2022; September 28, 2022; December 28, 2022; February 02, 2023 and March 14, 2023. The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings.

The attendance details at the Board Meetings held during the FY 2022-23 are as follows:

S. No.	Date of the Meting	Board Strength	No. of Directors Present
1.	28.04.2022	8	8
2.	24.05.2022	8	7
3.	30.06.2022	8	7
4.	16.08.2022	7	5
5.	28.09.2022	8	6
6.	28.12.2022	8	8
7.	02.02.2023	8	7
8.	14.03.2023	8	7

The details Director's attendance at Board Meetings and Annual General Meeting held during FY 2022-23 are tabled below:

Name of Director	Meeting Date								Whether attended last AGM held on 28.09.2022	Total Meetings held during the tenure	No. of Meetings attended	% of Attendance
	28.04.2022	24.05.2022	30.06.2022	16.08.2022	28.09.2022	28.12.2022	02.02.2023	14.03.2023				
Shri C.M.T Britto (upto 25.04.2022)	NA	NA	NA	NA	NA	NA	NA	NA	-	-	-	-
Shri Shrikant Madhav Vaidya (upto 03.08.2022) *	P	P	P	NA	NA	NA	NA	NA	NA	3	3	100
Shri U.K. Bhattacharya	P	P	P	LA	LA	P	P	P	No	8	6	75
Shri D.S. Sehgal	P	P	P	P	P	P	LA	P	Yes	8	7	87.5
Dr. A.K. Samantaray	P	P	P	P	P	P	P	P	Yes	8	8	100
Ms. Renu Narang	P	P	P	P	P	P	P	P	Yes	8	8	100
Shri A.K. Gupta (upto 25.05.2022)	P	R	NA	NA	NA	NA	NA	NA	NA	2	1	50
Shri Niranjan Lal (upto 30.10.2022)	P	P	LA	LA	LA	NA	NA	NA	No	5	2	40
Shri B. Veera Reddy (upto 02.08.2022)	P	P	P	NA	NA	NA	NA	NA	NA	3	3	100
Shri S.C. Mudgerikar (w.e.f. 25.05.2022 and upto 14.03.2023)	NA	NA	P	P	P	P	P	P	Yes	6	6	100

Shri Debasish Nanda (w.e.f. 03.08.2022) *	NA	NA	NA	P	P	P	P	P	Yes	5	5	100
Shri Subhajit Sarkar (w.e.f. 17.08.2022)	NA	NA	NA	NA	P	P	P	LA	Yes	4	3	75
Shri Padamsing P. Patil (w.e.f.30.10.2022)	NA	NA	NA	NA	NA	P	P	P	NA	3	3	100
Shri S.P. Mohanty (w.e.f. 15.03.2023)	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0	-

** Shri Shrikant Madhav Vaidya was Chairman upto 03.08.2022 and Shri Debasish Nanda was appointed as Chairman w.e.f. 16.08.2022.*
 # NA – Not Applicable, P – Present, LA – Leave of absence, R - Recused

19. BOARD COMMITTEES:

The Board has constituted various statutory Committees and other Committees from time to time, for specific purposes. All the Committees of the Board have been formed complying to the requirements under the supplementary JV agreement with membership of at least one Director nominated by each of CIL, NTPC and IOCL. The details of such committees constituted by the Board as on March 31, 2023 are as under:

(i) **Audit Committee** – Pursuant to the provisions of Section 177 of the Companies Act, 2013, Audit Committee has been originally constituted by the Board of Directors on May 03, 2017. The Committee has been reconstituted as and when there has been change in directors. The composition of the Committee as on March 31, 2023 was as under:

S. No.	Name of the Member	Designation
1.	Ms. Renu Narang	Chairperson of the Committee
2.	Shri D.S. Sehgal	Member
3.	Dr. A.K. Samantaray	Member
4.	Shri Padamsing P. Patil	Member

During the FY 2022-23, the following changes took place in the composition of the Committee:

(i) Shri C.M.T Britto ceased to be member of the Committee w.e.f. April 25, 2022.

(ii) Shri B. Veera Reddy ceased to be Chairman and Shri Debasish Nanda was appointed as Chairman of the Committee w.e.f. August 03, 2022.

(iii) Shri Debasish Nanda ceased to be Chairman of the Committee and Ms. Renu Narang who was member of the Committee was appointed as Chairman and Dr. A.K. Samantaray, was appointed as member of the Committee w.e.f. August 16, 2022.

(iv) Shri Niranjan Lal ceased to be member of the Committee and Shri Padamsing P. Patil, was appointed as member w.e.f. October 30, 2022.

The members of the Committee are financially literate. Managing Director and Chief Financial Officer are permanent invitees, and Company Secretary is the Secretary to the Committee.

During the FY 2022-23, five meetings of the Audit Committee were held and the details including attendance of members of Audit Committee are as follows:

Name of Director	Meeting Date					Total Meetings held during the tenure	No. of Meetings attended	% of Attendance
	27.04.2022	09.06.2022	05.08.2022	23.09.2022	21.12.2022			
Shri C.M.T Britto	NA	NA	NA	NA	NA	0	0	-
Shri B. Veera Reddy	P	P	NA	NA	NA	2	2	100
Shri D.S. Sehgal	P	P	P	P	P	5	5	100
Ms. Renu Narang	P	P	P	P	P	5	5	100
Shri Debasish Nanda	NA	NA	P	NA	NA	1	1	100
Dr. A.K. Samantaray	NA	NA	NA	P	P	2	2	100
Shri Niranjan Lal	P	LA	LA	LA	NA	4	1	25
Shri Padamsing P. Patil	NA	NA	NA	NA	P	1	1	100

The recommendations of the Audit Committee have been accepted by the Board of Directors during the FY 2022-23.

Ms. Renu Narang, Chairperson of the Committee was present at the AGM held on September 28, 2022 to answer the queries of the shareholders.

(ii) **Nomination & Remuneration Committee (NRC)** – Pursuant to the provisions of Section 178 of the Companies Act, 2013, the NRC has been originally constituted by the Board of Directors on May 03, 2017. The Committee has been reconstituted as and when there has been change in directors. The composition of the Committee as on March 31, 2023 was as under:

S. No.	Name of the Member	Designation
1.	Shri U.K. Bhattacharya	Chairman of the Committee
2.	Shri D.S. Sehgal	Member
3.	Dr. A.K. Samantaray	Member

Managing Director is permanent invitee to the Committee, and Company Secretary is the Secretary to the Committee.

During the FY 2022-23, Shri C.M.T Britto ceased to be member of the Committee w.e.f. April 25, 2022.

During the FY 2022-23, three meetings of the NRC were held and the details including attendance of members of NRC are as follows:

Name of Director	Meeting Date			Total Meetings held during the tenure	No. of Meetings attended	% of Attendance
	13.09.2022	28.11.2022	28.12.2022			
Shri C.M.T Britto	NA	NA	NA	NA	NA	-
Shri U.K. Bhattacharya	P	P	P	3	3	100
Shri D.S. Sehgal	P	P	P	3	3	100
Dr. A.K. Samantaray	P	P	P	3	3	100

(iii) **Corporate Social Responsibility (CSR) Committee** - Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of the Board has been originally constituted by the Board of Directors on June 28, 2019 to formulate policy for Enterprise Social Commitment (ESC) and oversee implementation of requirements prescribed by Ministry of Environment, Forest and Climate Change on ESC in addition of CSR policy. The Committee has been reconstituted as and when there has been change in directors. The composition of the Committee as on March 31, 2023 was as under:

S. No.	Name of the Member	Designation
1.	Dr. A.K. Samantaray	Chairman of the Committee
2.	Ms. Renu Narang	Member
3.	Shri Subhajit Sarkar	Member
4.	Shri S.P. Mohanty	Member

During the FY 2022-23, the following changes took place in the composition of the Committee:

(i) Shri Arun Kumar Gupta, ceased to be Managing Director and member of the Committee w.e.f. May 25, 2022 and Shri S.C. Mudgerikar was appointed as Managing Director and Member of the Committee. Subsequently, upon cessation of Shri S.C. Mudgerikar as Managing Director w.e.f. March 14, 2023, Shri S.P. Mohanty, Managing Director was appointed as Managing Director and Member of the Committee w.e.f. March 15, 2023.

(ii) Shri D.S. Sehgal ceased to be Member and Subhajit Sarkar was appointed as Member of the Committee w.e.f. February 02, 2023.

During the FY 2022-23, one meeting of the CSR Committee were held and the details including attendance of members of CSR Committee are as follows:

Name of Director	Meeting Date 19.09.2022	Total Meetings held during the tenure	No. of Meetings attended	% of Attendance
Dr. A.K. Samantaray	P	1	1	100
Ms. Renu Narang	P	1	1	100
Shri Subhajit Sarkar	NA	NA	NA	-
Shri D.S. Sehgal	P	1	1	100
Shri Arun Kumar Gupta	NA	NA	NA	-
Shri S.C. Mudgerikar	P	1	1	100
Shri S.P. Mohanty	NA	NA	NA	-

(iv) **Other Board level Committee –** Some of the other major sub-committees of the Board of Directors including their constitution is as under:

Name of the Committee	Roles & Responsibility	Composition as on March 31, 2023
Project Management Committee	To monitor and supervise the Project progress and exercise Powers of Board for Project Management, including Contracts Management, in respect of Powers beyond delegation to Managing Director of HURL.	1. Shri Subhajit Sarkar– Chairman 2. Dr. A.K. Samantaray – Member 3. Shri S.P. Mohanty, Member 4. Ms. Renu Narang, Member Permanent Invitee: 1. Concerned Head of Project 2. CFO
Right Issue Committee	1. To exercise the powers of the Board for right issue. 2. To carry out all activities related to issue and allotment of shares to FCIL & HFCL from time to time.	1. Shri U.K. Bhattacharya – Chairman 2. Dr. A.K. Samantaray – Member 3. Shri Subhajit Sarkar– Member

20. CORPORATE SOCIAL RESPONSIBILITY:

A Corporate Social Responsibility (CSR) Committee has been constituted in terms of section 135 of the Companies Act, 2013, as detailed in para 19 (iii) above.

In view of the loss incurred by the Company during the last three financial years viz. 2019-20, 2020-21 and 2021-22, the obligation of making CSR expenditure pursuant to aforesaid section did not arise on the Company for the FY 2022-23.

21. INITIATIVES FOR CORPORATE ENVIRONMENT RESPONSIBILITY (CER) & ENVIRONMENT:

In its consistent strive and commitment to work for the economic and social development of the communities nearby the upcoming Urea plants, your Company has been consistently working on undertaking various projects as a part of fulfilment of its' Corporate Environment

Responsibility (CER) obligations as required under one of the specific conditions of the Environmental Clearances granted for its projects.

Your Company has initially committed a corpus of Rs.15,000 Lakh towards this head in the revised project cost approved by the Board of Directors of HURL in April 2023, and as such, the respective teams of our plants are focussing on developing suitable CER projects for fulfilling the commitments made during the public consultations including other projects in line with the Company's CER Policy.

At Gorakhpur, the three CER projects [namely Creation of the Model Village Sonbarsa, Creation of Health Infrastructure by establishing 3-bedded Paediatric Intensive Care Units (PICUs) in the Community Health Centres and Ramgarh Taal Facelifting & Placemaking] undertaken on Deposit Work Basis in the previous FY have been taken forward at an accelerated pace. Another CER initiative has been undertaken in Gorakhpur for the Education sector by committing to create all necessary education/ related infrastructure for selected schools including the Gorakhpur District Library. As a part of commitment during the public hearing, proposals on skill development of the local youths are under active consideration. Another proposal under active consideration is for imparting training to the farming community on modern agricultural practices aimed at creation of a sustainable agriculture eco-system, which has the potential of becoming a flagship project for your Company in creating a long-term sustained impact on the communities.

The untiring efforts of the Gorakhpur CSR team of your Company has reaped the results by winning awards under the category of "Best CSR Initiative" from two prestigious organisations for its' flagship healthcare infrastructure project on establishment of "Paediatric Intensive Care Units (PICUs) in the Community Health Centres of the Gorakhpur district." Out of the total 14 PICUs under implementation, 7 units have already been dedicated to the people of Gorakhpur by the Hon'ble Chief Minister, Uttar Pradesh State. It is worthwhile to note that the efforts of your Company for various CER initiatives at Gorakhpur and especially the PICUs have been well applauded by the Gorakhpur District Administration / UP State Government.

Inauguration of Paediatric Intensive Care Units (PICUs) by Hon'ble Chief Minister – Uttar Pradesh

At Barauni, through regular persuasive efforts, the Company has been able to obtain NOC from the Begusarai District Administration for implementing a large project on creation of education / related infrastructure in selected Government schools surrounding the plant / township. This project is under active consideration, apart from few other proposals. The implementation of the project on Community Plantation has also commenced under the flagship scheme of the Government of Bihar namely “Jal Jeevan Hariyali Mission 5.0”, being implemented through the Forest Department, Government of Bihar. Our persuasive efforts with the district administration have yielded results, whereby the district administration has given its consent for undertaking the CER projects through “Nominated Implementation Partner Route”, duly nominated by the district administration, as may be required from time to time, on a case-to-case basis.

At Sindri, as a part of fulfilment of the Company’s commitment towards the surrounding communities, the Company is regularly supplying drinking water for their usage. The Company has also been able to obtain NOC from the Dhanbad District Administration for implementing a large project on creation of education/ related infrastructure in selected schools surrounding the plant / township. This project is under active consideration.

Environment & Sustainability: The Company remains steadfast in its commitment to sustainable practices, environmental stewardship, and regulatory compliance. It believes that through the tree plantation initiatives, environmental awareness programs, and adherence to statutory compliances, your Company is contributing to a greener future while upholding the values of responsible corporate citizenship.

(Taking Oath on World Environment Day - 5th June)

(Discussion and tree Plantation on World Environment Day - 5th June)

By raising awareness and encouraging sustainable practices, your Company aims to foster a culture of environmental responsibility and contribute to a greener future. Your Company has also taken the initiative of creating awareness by celebrating in all the three Urea units, various important days such as but not limited to the World Forest Day (celebrated on 21st March), the World Water Day (celebrated on 22nd March), the World Earth Day (celebrated on 22nd April) and the World Environment Day (celebrated on 5th June).

Your Company is making all out efforts for ensuring all the environment related statutory compliances. Through consistent persuasive efforts with the respective State Pollution Control Boards, your Company has been able to obtain the Consent to Operate including all other environmental statutory clearances for all the three plants well in advance aimed at seamless commissioning of the 3 plants.

As a part of statutory compliance and niche contribution for a greener planet, your Company has also undertaken the plantation activities at all its project locations, which are progressing at a good pace. At all three sites (Gorakhpur, Sindri & Barauni), more than 33% of the total plant area is being developed as green belt in different phases (130 Acres at Gorakhpur, 132 acres at Sindri and 116 acres at Barauni to be developed as green belt). Your Company aims to expand its reforestation efforts and set more ambitious targets for tree planting, working in alignment with local ecological priorities. The Company is also planning to do afforestation by Miyawaki Method aimed at achieving the greener cover at an accelerated pace.

22. SAFETY:

The safety and well-being of our employees, customers, and stakeholders have always been a top priority for our organization, and the Company have made significant strides in enhancing our safety measures and fostering a culture of safety throughout the company.

Your company has developed safety policies and procedures to align with industry best practices and regulatory requirements. These policies are regularly communicated to all employees and are easily accessible through internal communication channels. A safety reporting system has been implemented that encourages employees to report any safety concerns or incidents promptly.

Regular safety audits and inspections are being conducted across all the facilities to identify potential hazards, assess compliance with safety protocols, and implement corrective actions where necessary. These audits have been instrumental in maintaining a safe working environment and reducing the risk of accidents or incidents.

Your Company has achieved significant milestones in terms of safety performance. During the FY 2022-23, the Company has developed the Safety, Health & Environment (SHE) Management system which includes Safe system of work like Permit to Work, Lock Out & Tag Out, SHE's Key Perfromance Indicators, and reviewed the SHE Policy. This achievement is a testament to the dedication and commitment of the employees to adhere to safety guidelines and prioritize safety in their daily activities.

The company's safety initiatives will continue to be an integral part of its operations for creating a safer working environment for all stakeholders.

23. RISK MANAGEMENT:

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organization.

Risk Management policy has been formed to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed and to enable compliance with appropriate regulations, wherever applicable, through adoption of the best practices. HURL's Risk Management Policy has been placed at the website of the Company at weblink https://hurl.net.in/policies.

The Company has huge exposure in terms of payment in foreign currency to the Contractors. Therefore, Forex Risk Management Policy has been framed and an interdisciplinary Forex Risk Management Committee has been constituted. An assessment is being made to identify the key risks and mitigation process in respect of other key risks associated.

24. AWARDS & ACCOLADES:

During the FY 2022-23, your Company has been recognized for its exceptional performance in supply chain management practices, and has been awarded with two esteemed Confederation of Indian Industry (CII) Scale Awards in December 2022 by CII Institute of Logistics, for (i) Resilience Excellence in Logistics & Supply Chain and (ii) Excellent position under Chemical / Fertilizer category. These awards are in recognition of your Company's commitment to delivering excellence in its logistics operations.

Apart from the above, your Company has been bestowed with the "Best Distribution Strategy of the Year" Award at the 7th Edition Future of Logistics & Supply Chain Summit Awards, 2022 organized by CII. This award is in recognition of the Company's efforts in implementing innovative distribution strategies.

After the close of the year, the Gorakhpur project of your Company has received Apex Excellence Award in two categories, namely, CSR and HR at a function held on April 11, 2023 at Goa. The award is in recognition of the outstanding achievements of the Gorakhpur project in implementing corporate social responsibility initiatives and fostering a culture of excellence in human resource management and creating value for the society and the organization through its innovative and impactful projects

25. ANNUAL RETURN:

Pursuant section 92(3) and 134(3) of the Companies Act, 2013, the Annual Return of the Company for year ending March 31, 2023 is at the website of the Company at weblink https://hurl.net.in/return.

26. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has put in place adequate Internal Financial Controls for ensuring efficient conduct of its business in adherence with laid down policy and applicable standards and industry practice.

The Company is following all the applicable Accounting Standards for properly maintaining the books of account and reporting in the financial statements.

The Company has appointed an independent firm of Chartered Accountants as Internal Auditors to ensure that the Company's systems and practices are designed with adequate internal controls to match the size and nature of operations of the Company. The Internal Auditors conduct a half yearly audit and review, covering all areas of operation. The Reports of the Auditors along with the management's responses are placed before the Audit Committee for discussion and necessary action.

27. COST RECORDS AND COST AUDIT:

During the FY 2022-23, the Company is not required to maintain cost records as prescribed under Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014.

28. HUMAN RESOURCE DEVELOPMENT

Your company values its human capital and firmly believes in employee development as a critical factor for ensuring efficiency at workplace. In the FY 2022-23, the Company has provided trainings on several technical and non-technical topics from various premier and reputed institutes.

a. **Particulars of Employees:** During the FY 2022-23, 265 employees were added to the strength of family of the company. As on March 31, 2023, there were 815 number of employees on the payroll of HURL, out of which, 39 were women employees. Apart from this, as on March 31, 2023, there were 27 number of manpower on deputation by the JV partners viz. NTPC, IOCL and CIL.

During the year under review, none of the employees was in receipt of remuneration in excess of the limits stipulated in the Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the aforesaid Rules, the details of the top ten employees in terms of remuneration drawn are placed as **Appendix-B** to this report.

The remuneration being paid to the Key Managerial Personnel (KMPs) is detailed in the Financial Statement at Note No. 33.2.

b. **Employee Welfare**: Your company fully recognizes its employees as its most valuable asset and puts special emphasis on wellbeing of its employees. Your Company has extended several welfare benefits to its employees and their families such as a comprehensive Group Mediclaim Policy and Group Personal Accident Insurance Scheme.

c. **Employee Engagement**: Your Company firmly believes in holistic employee engagement and recognizes the importance and value of a motivated and committed employee. Your company regularly organizes various events, cultural programs and celebrates various festivals and special occasions both at Corporate Office and Sites. The company has also strengthened existing employee communication channels through structured dialogues, regular meetings, video conferencing, emails & circulars.

d. **Grievance Redressal**: Your Company believes that openness and transparency are the cornerstones of any organization. Your Company encourages open communication and values feedback from employees. Employees can reach out to senior management in case of any grievance and can freely share their experiences, suggestions and feedback.

29. PROTECTION OF WOMEN AT WORKPLACE:

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 and rules made there under, an Internal Complaint Committee (ICC) has been constituted by the Company. This committee is required to receive complaints and manage the redressal process for complaints of Sexual harassment against women. The Company has a Prevention of Sexual Harassment at workplace policy in place.

There were no complaints of sexual harassment during the year under review.

30. INFORMATION TECHNOLOGY (IT) INITIATIVES:

Your Company has taken various IT initiatives during FY 2022-23 to accomplish business requirements, which included implementation of SAP S4 HANA for FICO (Finance and Accounting), MM (Material Management) and SD (Sales & Distribution) modules and integrating e-Way Bill generation, e-invoicing, and GST reporting capabilities into SAP; Secure connectivity of all the plants through Multiprotocol Label Switching (MPLS) for efficient and reliable data communication in computer networks.

After the close of the year, your Company has implemented eOffice in April 2023 for all official work. The procurement of a Board and Committee Meeting Portal Solution for conducting the meetings in paperless mode has been completed and is being implemented. Also, Vigilance Portal is being introduced to provide a platform for registering complaints.

31. RIGHT TO INFORMATION ACT:

The Company has an elaborate mechanism to deal with matters related to Right to Information Act, 2005. As per the requirements of the RTI Act, necessary, updated information including the names of Appellate Authority, Central Public Information Officer, Assistant Public Information Officer are posted on the website of the Company. Queries received have been replied within the stipulated time. During the FY 2022-23, 81 RTI applications were received and replied to.

32. VIGIL MECHANISM AND VIGILANCE ACTIVITIES / WHISTLE BLOWER POLICY:

Vigilance Department of the Company is headed by Chief Vigilance Officer (CVO) appointed by Department of Fertilizer, Ministry of Chemical & Fertilizers. During the FY 2022-23, a total of 5 (five) complaints were received by the Vigilance Department, all of which were examined and necessary action taken thereon. As a preventive vigilance measure, the Department has carried out three surprise inspection and 3 Intensive Examination of Works / periodic inspections. During the year, 3 (Three) Vigilance workshops were conducted (two at Corporate Center and one at Gorakhpur project) in which a total of 250 employees participated. In addition to it, many advisories were issued for systemic improvement. During Vigilance Awareness Week, different activities were performed in all the units, ensuring active participation of employees / their wards, to increase the general awareness about the perils of corruption.

In compliance with the provisions of section 177(9) of the Companies Act, 2013 read with rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, the Company has in place a vigil / whistle blower policy for employees and whole-time directors to report to the Management concerns about unethical behaviour actual or suspected frauds and to provide safeguard against victimization of persons who avail the mechanism. No complaints were received during the FY 2022-23 and no person have been denied access to the designated officials / vigil mechanism adopted by the Company.

The Whistle Blower and Fraud Prevention Policies approved by the Board of Directors and are available on the website of the Company at weblink https://hurl.net.in/policies.

33. DIRECTORS' RESPONSIBILITY STATEMENT:

[Pursuant to section 134(3)(c) of Companies Act, 2013]

In accordance with section 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirms: -

(a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and loss of the company for that period;

(c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) that the directors had prepared the annual accounts on a going concern basis; and

(e) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

34. GENERAL MEETINGS

The 9th Extra-Ordinary General Meeting (EGM) of the Company was held on July 21, 2022 through Video Conferencing, wherein three Special Resolutions were passed viz. (i) Approval for creation of Charge / Mortgage / Hypothecation on the assets of the Company (ii) Approval of increasing the borrowings limits of the Company to Rs.25,000 Crore and (iii) Approval for Conversion of Loan into Equity in terms of the Facility Agreement.

The 6th Annual General Meeting (AGM) of the Company for the year 2022 was held on September 28, 2022 at 1145 Hrs. through Video Conferencing, wherein one Special Resolution was passed viz. Alteration of Articles of Association of the Company.

35. AUDITOR:

STATUTORY AUDITOR:

The Comptroller & Auditor General of India (C&AG) appointed M/s L.N. Chaudhary & Co. (Firm Registration No. 0001150N), Chartered Accountants, New Delhi as the Statutory Auditors of your Company for the FY 2022-23, in terms of the provisions of the Companies Act, 2013.

INTERNAL AUDITOR:

Your Company had appointed M/s KRA Co., Chartered Accountants, New Delhi as the Internal Auditors of the Company for FY 2022-23, in terms of the provisions of the Companies Act, 2013.

SECRETARIAL AUDITOR:

Pursuant to provision of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s AK Rastogi & Associates, Company Secretaries, Ghaziabad (CP No. 22973), as the Secretarial Auditor of the Company for the FY 2022-23. The Secretarial Audit Report for FY 2022-23 do not contain any adverse observations and forms part of this Report.

36. C&AG REVIEW:

The comments of Comptroller and Auditor General (C&AG) of India on the Financial Statements for the year ending March 31, 2023, have been enclosed with the Financial Statements along with the Management replies thereto.

37. ANNEXURES TO THE REPORT:

The following reports are annexed and forms an integral part of this report:

A. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:
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 to this report as **Appendix-A.** The details of related party transactions have also been disclosed in the standalone financial statements as required by the applicable accounting standards. During the FY 2022-23 there were no contracts or arrangements with related parties not at arm's length basis. However, the related parties being promoters of the company are reimbursed cost of employees on deputation/ secondment at HURL and other expenses during the year on actual basis.

B. PARTICULARS OF EMPLOYEES: The Information in terms of provisions of section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of the top ten employees in terms of remuneration drawn during the Financial Year 2022-23 is enclosed to this report as **Appendix-B.**

C. **SECRETARIAL AUDIT REPORT:** The Secretarial Audit Report by M/s AK Rastogi & Associates is enclosed to this report as **Appendix-C.**

D. **AUDITORS' REPORT:** The revised Independent Auditors' Report on the Financial Statement of the Company for the period from April 01, 2022 to March 31, 2023 is enclosed under 'Auditors Report and Financial Statements for FY 2022-23' section of the Annual Report. There are no qualifications, reservations or adverse remarks made by the Statutory Auditors.

E. **C&AG COMMENTS AND MANAGEMENT REPLIES THERETO:** The C&AG Comments on the financial statements for the year ending March 31, 2023, along with the Management eplies thereto have been enclosed under 'Auditors Report and Financial Statements for FY 2022-23' section of the Annual Report.

38. OTHER DISCLOSURES:

(i) Your Company has generally complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) relating to ‘Meetings of the Board of Directors’ and ‘General Meetings’ during the FY 2022-23.

(ii) Your Company has not accepted any deposits from the public during the financial year.

(iii) Your Company does not have Subsidiary / Associate / Joint Venture Company.

(iv) There was no change in the nature of business of your company during the year ended March 31, 2023.

(v) There were no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

(vi) There were no instances of fraud reported by the Auditors vide their Report for the FY 2022-23.

(vii) There are no proceedings initiated / pending against your Company under the Insolvency and Bankruptcy Code, 2016.

(viii) The Company has not given any loans or guarantees or made any investment covered under the provisions of section 186 of the Companies Act, 2013.

(ix) All Directors had disclosed his nature of their interest / concern in the company or companies or bodies corporate, firms, or other association of individuals as required under the Companies Act, 2013 from time to time.

ACKNOWLEDGEMENTS

The Board of Directors of your Company acknowledge with deep sense of appreciation, the co-operation received from the Government of India, particularly the Prime Minister’s Office, Niti Aayog, Ministry of Chemicals and Fertiliser, Ministry of Power, Ministry of Petroleum & Natural Gas, Ministry of Coal, Ministry of Finance, Ministry of Environment, Forests &

Climate Change, Comptroller & Auditor General of India and State Governments of Uttar Pradesh, Jharkhand and Bihar.

Your Directors also takes this opportunity to convey their gratitude and sincere thanks for the cooperation and assistance received from the Promoters / Shareholders during the period under report. The Board of Directors acknowledges your confidence and continued support and looks forward for the same in the future as well.

The Directors of your Company also convey their gratitude to the Banks for the confidence reposed by them in the Company. The Board also appreciates the contribution of contractors, vendors and consultants in the implementation of various projects of your Company. We also acknowledge the constructive suggestions received from the Office of Comptroller & Auditor General of India, Statutory Auditors and Secretarial Auditors of your Company.

The Directors of your Company wishes to place on record its deep appreciation for valuable guidance and significant contribution made by the separated directors during their tenure on the Board of the Company.

The Directors of your Company express appreciation for the dedicated and sincere efforts of the Team HURL for their sustained efforts leading towards self-reliance in meeting Urea demand, thereby contributing towards improving the lives of the farmers and corresponding economic growth in eastern part of India and boosting Indian Economy.

For and on behalf of the Board of Directors

Sd/-
(Shri Debasish Nanda)
Chairman
[DIN: 09015566]

Date: 12.09.2023
Place: New Delhi

'Appendix-A'

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]

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 TRANSACTIONS UNDER FOURTH PROVISO THERETO, FOR THE FINANCIAL YEAR 2022-23

1. **Details of contracts or arrangements or transactions not at arm's length basis:** NIL
2. **Details of material contracts or arrangements or transactions at arm's length basis:** As follows:

Name(s) of the related party and nature of relationship		Nature of contracts / arrangements / transactions	Duration of contracts/ arrangements/ transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Date of approval by the BoD, if any	Amount received / paid as advances by HURL, if any (Rs. In Lakhs)
Indian Oil Corporation Limited (IOCL), Promoter Company	1.	**Tripartite Lease Deed between HURL, IOCL and HFCL** [For allotting land of around 2500 square meter (approx.) inside Fertilizer Plant area for Gas Station for the CGD (City Gas Distribution) Project at Barauni]	**Date:** Tripartite Lease Deed executed on 08.07.2022. **Duration:** 30 years	To allot land of around 2500 square meter (approx.) to IOCL (the Lessee) inside Fertilizer Plant area to construct and operate a "City Gas Station Facilities" for custody transfer of gas, from JHBDPL (Jagdishpur-Haldia and Bokaro-Dhamra Pipeline) of GAIL. During the continuance of lease, IOCL to make following payments: (i) To HFCL, the Confirming Party: Initial Lump sum payment of Rs.45,57,000/- along with consideration amount for first year, of Rs.3,64,548/- and for subsequent years, payment of consideration amount with an annual escalation of 5% from second year onwards. (ii) To HURL, the Lessor: Rent of Rs.12 per year, during the period of Agreement.	28.04.2022	NIL
	2.	**Gas Sale and Transmission Agreement (GSTA / GSA) between IOCL (as seller) and HURL (as buyer)** [GSTA / GSA to procure from IOCL Additional Natural Gas	**Date:** GSTA with IOCL executed on 18.08.2022. **Duration:** Agreement valid till 30.04.2028.	The salient terms of agreement are as follows: • Supply Tenure: Till last day of April 2028 with provision of extension on mutual agreement. • Daily Contract Quantity (DCQ): 0.26 MMSCMD on GCV basis at 9880 Kcal / SCM • Delivered / Ex-terms: Delivered basis at HURL Gorakhpur plant • Take or Pay: 75% yearly basis • Liquidated Damages: 70% for default period (s) of 15 days • Credit days: 35 days • Payment Security: Equivalent to value of 30 days gas supply with	16.08.2022	NIL

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<td>(On Long Term, Basis) for Gorakhpur plant for quantity of 0.26 MMSCMD]</td>
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provision of signing Tripartite Agreement
Delivery Terminal: Dahej LNG Terminal, Gujarat / Any Other Terminal based on mutual agreement.
Contract Price:
The contract price payable under the Agreement consist of the following elements / components
<table>
<tr><th>Cost Component</th><th>Remarks</th></tr>
<tr><td>Foreign Currency Component (FCC)</td><td>It shall be equivalent to foreign currency component declared by Petronet LNG Limited on monthly basis pursuant to policy decision as to pooling of RLNG prices as per Ministry of Petroleum & Natural Gas Letter (L-11012/1/06-GP-II/Vol-II) dated 06.03.2007.</td></tr>
<tr><td>Regasification Charges</td><td>Regasification Charges with effect from 01.01.2022 shall be Rs.57.06 per MMBTU (subject to an escalation of 5% per annum) considering regasification of LNG imported by the Seller at Regasification Facility of Petronet LNG Limited located at Dahej, Gujarat.
However, in case of any change in aforesaid Regasification Facility, the Seller and Buyer shall mutually discuss and agree for any such change and the Regasification Charges payable by the Buyer shall be modified on the basis of regasification charges of the relevant terminal operator.</td></tr>
<tr><td>Transmission Charges</td><td>The Buyer shall pay to the Seller, the Trunk line transmission Charges, for transportation of Gas from the Regasification Facility to the Delivery Point as per PNGRB (Petroleum and Natural Gas Regulatory Board) norms.
In the event there is change in the Regasification Facility as agreed by seller & buyer, the Trunk line transmission Charges payable by the buyer shall be modified (from reassigned Regasification Facility to the Delivery Point) as per PNGRB norms.</td></tr>
<tr><td>Other Charges</td><td>Other Charges shall with effect from 01.01.2022 will be Rs.15.83 per MMBTU</td></tr>
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<tr><td></td><td>3.</td><td>Gas Sale and Transmission Agreement (GSTA / GSA) between IOCL (as seller) and HURL (as buyer)

[GSTA / GSA to procure from IOCL Additional Natural Gas (On Long Term, Basis) for Barauni & Sindri plant for quantity of 0.26 MMSCMD]</td><td>Date: GSTA with IOCL executed on 09.01.2023.

Duration: Agreement valid till 30.04.2028.</td><td>The salient terms of agreement are as follows:

Supply Tenure: Till last day of April 2028 with provision of extension on mutual agreement.
DCQ: 0.26 MMSCMD on GCV basis at 9880 Kcal / SCM
Delivered / Ex-terms: Delivered basis at HURL Barauni & Sindri plant
Take or Pay: 75% yearly basis
Liquidated Damages: 70% for default period (s) of 15 days
Credit days: 35 days
Payment Security: Equivalent to value of 30 days gas supply with provision of signing Tripartite Agreement
Delivery Terminal: Dahej LNG Terminal, Gujarat / Any Other Terminal based on mutual agreement.

Contract Price: The contract price payable under the Agreement consists of the following elements / components:
<table>
<tr><th>Cost Component</th><th>Remarks</th></tr>
<tr><td>Foreign Currency Component (FCC)</td><td>It shall be equivalent to foreign currency component declared by Petronet LNG Limited on monthly basis pursuant to policy decision as to pooling of RLNG prices as per Ministry of Petroleum & Natural Gas Letter (L-11012/1/06-GP-II/Vol-II) dated 06.03.2007.</td></tr>
<tr><td>Regasification Charges</td><td>Regasification Charges with effect from 01.01.2023 shall be Rs.59.91 per MMBTU (subject to an escalation of 5% per annum) considering regasification of LNG imported by the Seller at Regasification Facility of Petronet LNG Limited located at Dahej, Gujarat.
However, in case of any change in aforesaid Regasification Facility, the Seller and Buyer shall mutually discuss and agree for any such change and the Regasification Charges payable by the Buyer shall be modified on the basis of regasification charges of the relevant terminal operator.</td></tr>
<tr><td>Transmission Charges</td><td>The Buyer shall pay to the Seller, the Trunk line transmission Charges, for transportation of</td></tr>
</table></td><td>28.12.2022</td><td>NIL</td></tr>
</table>

					Gas from the Regasification Facility to the Delivery Point as per PNGRB (Petroleum and Natural Gas Regulatory Board) norms. In the event there is change in the Regasification Facility as agreed by seller & buyer, the Trunk line transmission Charges payable by the buyer shall be modified (from reassigned Regasification Facility to the Delivery Point) as per PNGRB norms.			
				Other Charges	Other Charges shall with effect from 01.01.2023 will be Rs.16.62 per MMBTU (subject to an escalation of 5% per annum).			

Note:

(i) Apart from the above transactions, the Promoter companies viz. NTPC, CIL and IOCL have also deputed their employees to HURL on deputation and secondment basis, which is on actual cost (CTC) basis. The salary benefits paid to such deputed employees is as per the policy of respective promoter companies and are being reimbursed by HURL on actual basis.

(ii) The details of "Related Party Disclosures" as per accounting standards are being disclosed in Notes to the accounts in the Financial Statements.

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

For and on behalf of the Board of Directors

Sd/-

(Shri Debasish Nanda)
Chairman
[DIN: 09015566]

Place: New Delhi
Date: 12.09.2023

'Appendix-B'

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 2022-23 are as follows:

S. No.	Employee Name	Designation	Qualifications	Nature of Employment (Contractual or otherwise)	Remuneration (in Rs.)	Experience (Years)		Date of Joining	Age	Last Employment Held	Number & % of shares held in the Company as at 31.03.2023	If 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 Niroj Kumar Sahu	Chief General Manager	MBA (Marketing / Finance) M.Tech (Mechanical Engineering)	Deputation from IOCL	88,28,006	28 years		01.03.2022	55 Years	IOCL	NIL	N.A.
2.	Shri Arvind Kumar	General Manager	CMA; M.Com	Deputation from IOCL	83,77,240	28 years		26.03.2019	51 Years	IOCL	NIL	N.A.
3.	Shri D.S. Sahu	General Manager	BE (Electrical Engineering)	Deputation from IOCL	81,83,653	30 years		04.05.2017	57 Years	IOCL	NIL	N.A.
4.	Shri V.K. Dixit	Sr. Vice President (Gorakhpur)	B.Tech (Chemical Engineering)	Fixed Term Contract w.e.f. 11.4.2018; HURL Regular w.e.f. 15.6.2019	74,87,955	34 years		11.4.2018	60 Years	Algeria Oman Fertilizer Project	NIL	N.A.
5.	Shri Ravi Chandra Khorwal	General Manager	BE (Mechanical Engineering); PGD (Business Administration); PGD (Malts Mgt.); Advance Diploma (Business Management)	Deputation from NTPC	74,72,051	36 years		28.08.2020	57 Years	NTPC	NIL	N.A.
6.	Shri Sanjay Chawla	General Manager	B.Tech (Mining Engineering)	Deputation from CIL	72,86,378	33 years		21.09.2016	58 Years	CIL	NIL	N.A.
7.	Ms. Meenakshi Anand	General Manager	BE (Electrical Engineering); PGD in Management	Deputation from NTPC	74,27,781	37 years		21.12.2020	59 Years	NTPC	NIL	N.A.
8.	Shri Dipten Roy	Sr. Vice President (Sindri)	BE (Chemical Engineering)	Regular HURL	64,87,955	35 years		20.09.2018	57 Years	Sriram Fertilizer & Chemicals	NIL	N.A.
9.	Shri P.K. Bordoloi	General Manager	BE (Mechanical Engineering)	Deputation from IOCL	64,11,458	35 years		08.09.2021	60 Years	IOCL	NIL	N.A.
10.	Shri Awadesh Singh	Chief Manager	B.Sc; Electrical Engineering; PGDM	Deputation from CIL	64,02,489	36 years		06.04.2020	59 Years	CIL	NIL	N.A.

For and on behalf of the Board of Directors

Sd/-

(Shri Debasish Nanda)

Chairman

Date: 12.09.2023

Place: New Delhi

A.K. Rastogi & Associates
Company Secretaries
R-13/69, Raj Nagar, Ghaziabad-201002
Mob.: 9650990414 / 9650990614
Email : anilrastogi3609@gmail.com
anil_rastogi29@rediffmail.com

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31St MARCH, 2023

Form No. MR-3

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

To,

The Members,

Hindustan Urvarak & Rasayan Limited,

Core 4, 9th Floor, Scope Minar,

Laxmi Nagar, District Centre,

New Delhi - 110092

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate Practices by **Hindustan Urvarak & Rasayan Limited (CIN:U24100DL2016PLC358399)** for the financial year ended on 31st March 2023. 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 verification of the Company' books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 (Audit period) Complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and Returns filed and other records maintained by the Company for the financial year ended on 31st March 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

A.K. Rastogi & Associates, Company Secretaries

(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; - **NOT APPLICABLE**

(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 Borrowings; - **NOT APPLICABLE**

(v) **The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the company as the shares of the company are not listed with stock exchanges during audit period).**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
(d) The Securities and Exchange Board of India (Shares based employee Benefits)Regulations,2014;
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

As explained by the management, following laws/regulations/rules are specifically applicable to the Company based on their sector/industry:

1. The Fertilizers (Control) Order, 1985
2. The Fertilizer (Movement Control) Order, 1973
3. The Fertilizer (Control) (Organic, Inorganic and Mixed) Order,1985
4. Hazardous Waste (Management, Handling& Trans-boundary Movement) Rules, 2008
5. Manufacture, Storage & Import of Hazardous Chemicals Rules,1989.

Company Secretaries * A.K. Mastogi & Associates

We further report that Compliances/ processes/ systems under other specific applicable laws (as applicable to the Industry) are being relied on the basis of periodical certificate under internal compliance system submitted to the Board of Directors of the Company .

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

(i) Secretarial Standards as amended from time to time issued by The Institute of Company Secretaries of India.
(ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and SEBI (Listing Obligations and Disclosures Requirements), 2015 **(Not applicable to the company during Audit period)**

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

1. **Ministry of Corporate Affairs vide Notification No GSR 839(E) dated 5th July 2017 has exempted a Joint Venture Company from the requirement of having independent Directors as such the Company is not required to have Independent Directors on its Board as per the provisions of the Companies Act 2013. As such the Company is not having any Independent Director on the board and its Audit Committee, Nomination and Remuneration Committee and CSR Committee.**

We further report that:

The Board of Directors of the Company have been duly constituted with Non-Executive Directors (including Women Director) nominated by the Promoter Company, apart from Managing Director, as per the Articles of Association of the Company. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
Generally, adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and in some cases at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision was carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that during the audit period, commercial operation of Gorakhpur unit of the Company started since 3rd May, 2022 except that no major events/ action having bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. had taken place.

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

A.K. Rastogi & Associates, Company Secretaries

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of the Report.

Place: Ghaziabad
Date: 29.08.2023

For A. K. Rastogi & Associates
Company secretaries

29/08/2023

(A. K.ASTOGI)
PROPRIETOR
FCS No 1748
CP No.:22973
UDIN: F001748E000885686

A.K. Rastogi & Associate
Company Secretaries
R-13/69, Raj Nagar, Ghaziabad-201002
Mob.: 9650990414 / 9650990614
Email : anilrastogi3609@gmail.com
anil_rastogi29@rediffmail.com

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,

The Members,

Hindustan Urvarak & Rasayan Limited,

Core 4, 9th Floor , Scope Minar,

Laxmi Nagar, District Centre,

New Delhi - 110092

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Ghaziabad
Date: 29.08.2023

For A. K. Rastogi & Associates
Company secretaries

29/08/202

(A. K.ASTOGI)
PROPRIETOR
FCS No 1748
CP No.:22973
UDIN: F001748E000885686

Company Secretaries ★ A.K. Rastogi & Associates, CAG

HURL

HINDUSTAN URVARAK & RASAYAN LIMITED

Financial Statements
&
Auditors' Report
for the year ended 31st March 2023
along with C&AG Comments & Management replies thereto

F.Y. 2022-23

L N Chaudhary & Co.
Chartered Accountants
401-403, 4th Floor, Laxmi Tower, Azadpur Commercial Complex, Delhi-110033
Phone: 011-47807747, Email: lncclients@gmail.com

INDEPENDENT AUDITOR'S REPORT (REVISED)

To
THE MEMBERS OF
M/s HINDUSTAN URVARAK & RASAYAN LIMITED

Report on the Ind-AS Financial Statements
This report supersedes our earlier report dated 15/05/2023. Please refer to the Annexure-B of this report.

Opinion
We have audited the accompanying Ind-AS financial statements of **M/s HINDUSTAN URVARAK & RASAYAN LIMITED** ("the Company"), which comprise the Balance Sheet as at **March 31, 2023**, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (Herein after referred to as "Ind-AS financial statement"). Our Independent Auditor's Report dated 15/05/2023 on the above financial statements of the company, has been revised, in order to regularize UDIN generation and on the points raised by Government Audit (C&AG) by updating/amending para vii(b), para xi(b) & xi(c) of Annexure B.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind-AS financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended,("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, total comprehensive income, the changes in equity and cash flows for the year ended as 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon
The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

L.N. CHAUDHARY & CO. DELHI Chartered Accountants

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged With Governance for the Ind-AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind-AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the audit of 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.

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the directions issued by the Comptroller and Auditor-General of India, in terms of sub section (5) of section 143 of the Act, 2013 we give the compliance in **"Annexure -A"**

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

3. As required by section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

L.N. CHAUDHARY & CO. DELHI Chartered Accountants

d) In our opinion, the aforesaid Ind-AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant Rules issued there under.

e) On the basis of the written representations received from the directors as on 31.03.2023 taken on record by the Board of Directors, None of the director is disqualified as on 31st March 2023 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"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 33.7 to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses however we have drawn your attention to note no. 33.7 which describes the capital Commitments, and contingent liabilities wherein Claims against the company not acknowledged as debt.

iii. There were no amount required to be transferred to the Investor Education and Protection Fund by the company.

iv. (i) Based on management representation and to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

ii) Based on management representation and to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

v). Based on such audit procedures which are considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

(vi) During the year under purview the company has not declared or paid any dividend. Therefore, no case of default could incur in terms of section 123 of the Companies Act, 2013.

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

4. As required by the Section 197(16) of the Companies Act, 2013, the remuneration paid during the current year by the Company to its Directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are to be commented upon us.

5. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

6. **Assessment of COVID 19 impact**

We draw attention to Note 33.6, which describes the uncertainty arising from COVID 19 pandemic and impacting the company's operations and estimates related to construction of Plants. Date of Commencement of Commercial Operations has been extended primarily due to Covid-19 pandemic and consequent lockdown in India and other Countries. As a result, project construction activities were impacted. This resulted in cost-overrun, time-overrun and extension of scheduled commercial operation of all three projects. Further, LSTK agencies have raised claims on account of additional cost due to Covid-19 amounting ₹ 1,27,471.32 lakhs which are included under contingent liabilities. That the Unit wise revised cost is depicted in the note no. 33.7.

Our opinion is not modified in respect of this matter.

For LN Chaudhary & Co.
Chartered Accountants
FRN-0001150N

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

(CA BHANWAR LAL SINGAL)
Partner
M. No. 099590

UDIN: 23099590BGYHHA8571

Date: 11/07/2023
Place – New Delhi

"Annexure A" to the Independent Auditors' Report

Annexure to the Independent Auditors' Report referred to in paragraph 1 under "Report on other legal and regulatory requirements" section of our report of even date on the financial statements of **Hindustan Urvarak & Rasayan Limited** for the Year ended 31st March, 2023.

Sl. No.	Directions/ Sub direction	Auditor's Replies
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.	Yes, The company has Sufficient IT system in place to process all the accounting transaction. Company is not processing any accounting transaction outside the IT System. So, there is no financial implication on the integrity of the accounts. Currently Company is using SAP Software.
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 reply 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).	Presently, there is no case of restructuring, waiver or write off of debt or loan or interest etc. taken by 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.	Yes, Company has received Interest Free Loan from Ministry of Chemical and Fertilizer, Govt. of India. There is no deviation observed in terms and condition for utilization of loan granted by central agency.
4.	Since the plant has been made operational, issue regarding recovery of GST paid as input tax credit should be examined and reported upon.	As per information and explanation given by the management, GST Input Tax Credit of ₹611.33 Crores (Approx) Was reversed and capitalized with main Plant of Gorakhpur. Remaining ITC Related to Sindri and Baruani Plant shall be Capitalised as and when plant is capitalized in FY 2023-24.

For LN Chaudhary & Co.
Chartered Accountants
FRN-0001150N

S Singal

(CA BHANWAR LAL SINGAL)
Partner
M.No. 099590

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

UDIN: 23099590BGYHHA8511
Date: 11/07/2023
Place – New Delhi

"Annexure B" to the Independent Auditors' Report

Referred to in paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2023:

i)(a)

(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(B) The Company has maintained proper records showing full particulars of intangible assets;

(b) The Company has a program of verification to cover all the items of Property, Plant and Equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

(c) According to information & explanation given to us, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.

(d) According to information & explanation given to us the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information & explanation given to us there is no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii) (a) According to information & explanation given to us management has conducted physical verification of Inventory as on 31.03.2023. In our Opinion, Coverage & Procedure of such verification by the management is appropriate. No Discrepancy of 10% or more in the aggregate for each class of Inventory was noticed.

(b) Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions which are secured on the basis of security of current assets. The quarterly returns/statement filed by the company with such banks are in agreement with the books of accounts of the company.

iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties. Accordingly, the provisions of clause 3(iii)(a) to (f) of the Order are not applicable to the Company and hence not commented upon.

iv) In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the order is not applicable.

v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as on March 31, 2023 and therefore, the provision of the clause 3 (v) of the order are not applicable to the company.

vi) That Central Government has not prescribed maintenance of cost records under section (1) of section 148 of the Companies Act, 2013.

vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

statutory dues including Provident Fund, Employees State Insurance, Income- Tax, Goods And Service Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2023 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, there are no dues of income tax, Goods and Service Tax outstanding on account of any dispute. However, Company has received Enquiry Letter from Office of Commissioner, Customs demanding differential BCD, SWC, IGST on Import of Mandatory Spares of Plant & machinery for Rs. 75.02 Crores and Interest thereon out of which Rs. 3.37 Crores deposited on 29.03.2022 and balance Rs. 71.65 crores shown as contingent liability.

viii) According to the information and explanation given to us there is no transactions which is not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix)

(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender dues to any bank or bonds/debenture holders as at the Balance Sheet date.

(b) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(c) Term loans were applied for the purpose for which the loans were obtained;

x) (a) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. Term Loans availed by the company is applied for the purpose for which they were raised.

(b) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

xi)

(a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

xiii) According to the information and explanations given to us and based on our examination of the records of the company, transaction with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transaction have been disclosed in the Ind-AS financial statement as required by the applicable accounting standard.

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

xiv)

(a) According to the information and explanation received by us the company has an internal audit system commensurate with the size and nature of its business;

(b) the reports of the Internal Auditors for the period under audit were considered by the us;

xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.

xvi) According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company and hence not commented upon.

xvii) The Company has not incurred any cash losses during the financial year 2022-23, however the company has incurred the Cash Loss of Rs.1476.96 Lacs in immediately preceding financial year which is tabulated below:

Rs. In Lakhs

Financial Year	Amount of Cash Loss (As per P&L)
2021-2022	1476.96

xviii) There has not been any case of resignation of the statutory auditors during the year. Hence this clause not applicable to the company.

(xix) Based on the audit procedures performed and the information and explanation given by the management and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

xx) According to the information and explanation given to us and based upon our examination of the records of the company, section 135 is not applicable to the company hence not commented upon.

(xxi) According to the information and explanation given to us, the company is not having any subsidiary and associates therefore the said clause is not applicable and accordingly there is no instance of any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

For LN Chaudhary & Co.
Chartered Accountants
FRN-0001150N

(CA BHANWAR LAL SINGAL)
Partner
M.No. 099590
UDIN: 23099590BGYHHA8511
Date: 11/07/2023
Place – New Delhi

L.N. CHAUDHARY & CO. DELHI Chartered Accountants

Annexure - C to the Independent Auditors' Report

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **M/s Hindustan Urvarak & Rasayan Limited** of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **M/s Hindustan Urvarak & Rasayan Limited ("the Company")** as of 31 March 2023 in conjunction with our audit of the 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, 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.

Auditors' 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 judgment, including the assessment of the risks of material misstatement of the Ind-AS financial statements, whether due to fraud or error.

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

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:

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind-AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind-AS financial statements.

Inherent Limitations of Internal Financial Controls 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, 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 31 March 2023, 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 LN Chaudhary & Co.
Chartered Accountants
FRN-0001150N

(CA BHANWAR LAL SINGAL)
Partner
M. No. 099590

L.N. CHAUDHARY & CO. DELHI Chartered Accountants

UDIN: 23099590BGHHA8511
Date:11/07/2023
Place – New Delhi

HINDUSTAN URVARAK & RASAYAN LIMITED
(a JV company of CIL, NTPC, IOCL, FCIL & HFCL)
Regd. Office: Core-4, 9th Floor, Scope Minar, Laxmi Nagar District Centre, Delhi-110092, India

BALANCE SHEET AS AT 31.03.2023

(₹ in Lakhs)

	Note No.	As at 31.03.2023	As at 31.03.2022
ASSETS			
Non-Current Assets			
(a) Property, Plant & Equipment	3	7,38,502.00	2,330.99
(b) Capital Work in Progress	4	15,04,235.22	17,95,497.72
(c) Intangible Assets	5	29.63	31.94
(d) Right of Use Assets	6	74,241.37	76,109.70
(e) Financial Assets			
(i) Other Financial Assets	7	13,608.57	738.77
(f) Deferred Tax Assets (net)	21	3,035.04	-
(g) Other Non-Current assets	8	1,37,246.35	2,19,454.30
Total Non-Current Assets (A)		24,70,898.18	20,94,163.42
Current Assets			
(a) Inventories	9	23,701.74	369.95
(b) Financial Assets			
(i) Investments	10	1,606.21	3,954.22
(ii) Trade Receivables	7A	2,39,984.98	-
(iii) Cash & Cash equivalents	11	17,186.01	4,672.75
(iv) Bank Balances (other than (iii) above)	12	610.83	38.74
(v) Other Financial Assets	7	1.04	3.09
(b) Current Tax Assets (Net)	8	951.70	580.57
(c) Other Current Assets	13	21,141.02	688.75
Total Current Assets (B)		3,05,183.53	10,308.07
Total Assets (A+B)		**27,76,081.71**	**21,04,471.49**

HINDUSTAN URVARAK & RASAYAN LTD.

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BALANCE SHEET AS AT 31.03.2023

(₹ in Lakhs)

	Note No.	As at 31.03.2023	As at 31.03.2022
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	14	6,88,789.00	4,88,827.00
(b) Other Equity	15	40,713.23	46,807.55
Total Equity (A)		7,29,502.23	5,35,634.55
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	13,74,349.91	12,34,124.78
(ia) Lease Liabilities	17	35.81	337.83
(ii) Trade Payables	18	-	-
(iii) Other Financial Liabilities	19	4,292.83	2,615.13
(b) Provisions	20	58,978.37	59,400.66
(c) Deferred Tax Liabilities (net)	21	-	129.96
(d) Other Non-Current Liabilities	22	57,764.63	62,832.47
Total Non-Current Liabilities (B)		14,95,421.55	13,59,440.83
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,46,613.24	796.52
(ia) Lease Liabilities	17	216.88	353.69
(ii) Trade payables:			
(A) Total outstanding dues of micro enterprises and small enterprises	18	913.88	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	18	72,277.69	28,928.82
(iii) Other Financial Liabilities	19	3,25,382.02	1,76,991.27
(b) Other Current Liabilities	23	3,952.59	2,080.99
(c) Provisions	20	1,801.63	244.82
Total Current Liabilities (C)		5,51,157.93	2,09,396.11
Total Equity and Liabilities (A+B+C)		27,76,081.71	21,04,471.49

The Accompanying Notes form an integral part of these Financial Statements.

As per our report annexed
For L. N. Chaudhary & Co.
Chartered Accountants
FR No. 001150N

(CA Bhanwar Lal Singal)
Partner
Membership No. 099590
UDIN : 23099590BGYHGF8348
Date : 15.05.2023
Place: DELHI

On behalf of the Board

(Debasish Nanda)	**(Subhajit Sarkar)**	**(Renu Narang)**
Chairman	**Director**	**Director**
DIN-09015566	**DIN-09706305**	**DIN-08070565**
(S.P. Mohanty)	**(K.P. Gupta)**	**(Anurag Shukla)**
MD	**CS**	**CFO**

L.N. CHAUDHARY & CO. DELHI Chartered Accountants

HINDUSTAN URVARAK & RASAYAN LIMITED
(a JV company of CIL, NTPC, IOCL, FCIL & HFCL)
Regd. Office: Core-4, 9th Floor, Scope Minar, Laxmi Nagar District Centre, Delhi-110092, India

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2023

(₹ in Lakhs)

	Note No.	For the year ended 31.03.2023	For the year ended 31.03.2022
INCOME			
Revenue from Operations	24	4,40,119.53	-
Other Income	25	4,799.67	629.25
Total Income (A)		**4,44,919.20**	**629.25**
EXPENSES			
Cost of materials consumed	26	3,69,253.91	-
Purchases of Stock-in-Trade		-	-
Changes in inventories	26 A	(5,727.33)	-
Freight and Handling	27	9,581.02	-
Employee Benefits Expense	28	4,550.97	386.31
Finance Costs	29	39,262.52	55.38
Depreciation and Amortisation expenses	30	27,998.23	406.13
Other Expenses	31	9,286.08	1,664.52
Total Expenses (B)		**4,54,205.40**	**2,512.34**
Profit/(Loss) before exceptional items and Tax C=(A-B)		**(9,286.20)**	**(1,883.09)**
Exceptional Items (D)		-	-
Profit/(Loss) before Tax E=(C-D)		**(9,286.20)**	**(1,883.09)**
Tax expense (F):			
a) Current Tax		-	-
b) Deferred Tax		(3,168.32)	101.00
Short / (Excess) tax for earlier years		(13.69)	-
Profit/(Loss) for the year G=(E-F)		**(6,104.19)**	**(1,984.09)**
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		13.19	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.32)	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss			-
Total Other Comprehensive Income (H)		**9.87**	-
Total Comprehensive Income for the year (G-H)		(6,094.32)	(1,984.09)
Earnings per equity share (₹)			
(1) Basic		**(0.10)**	**(0.05)**
(2) Diluted		**(0.10)**	**(0.05)**

The Accompanying Notes form an integral part of these Financial Statements.

As per our report annexed
For L. N. Chaudhary & Co.
Chartered Accountants
FR No. 001150N

(CA Bhanwar Lal Singal)
Partner
Membership No. 099590
UDIN : 23099590BGYHGF8348
Date : 15.05.2023
Place : Delhi

On behalf of the Board

(Debasish Nanda)	**(Subhajit Sarkar)**	**(Renu Narang)**
Chairman	**Director**	**Director**
DIN-09015566	**DIN-09706305**	**DIN-08070565**
(S.P. Mohanty)	**(K.P. Gupta)**	**(Anurag Shukla)**
MD	**CS**	**CFO**
DIN-05336787		

HINDUSTAN URVARAK & RASAYAN LIMITED
(a JV company of CIL, NTPC, IOCL, FCIL & HFCL)
Regd. Office: Core-4, 9th Floor, Scope Minar, Laxmi Nagar District Centre, Delhi-110092, India

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2023

(₹ in Lakhs)

A. EQUITY SHARE CAPITAL

	Opening Balance	Changes in Equity Share Capital during the period	Closing Balance
As at 31.03.2023	4,88,827.00	1,99,962.00	6,88,789.00
As at 31.03.2022	3,39,532.00	1,49,295.00	4,88,827.00

B. OTHER EQUITY

	Shares to be issued against Right of use of Land and other Usable Assets	Reserves and Surplus		Total
		Share Application money pending allotment	Retained Earnings	
Balance as at 01.04.2022	49,500.00	-	(2,692.45)	46,807.55
Additions during the year	-	-	(6,104.19)	(6,104.19)
Comprehensive income for the year	-	-	9.87	9.87
Adjustments during the year	-	-	-	-
Total comprehensive income for the year	-	-	(6,094.32)	(6,094.32)
Balance as at 31.03.2023	**49,500.00**	-	**(8,786.77)**	**40,713.23**
Balance as at 01.04.2021	41,918.96	-	(708.36)	41,210.60
Additions during the year	7,581.04	-	-	7,581.04
Comprehensive income for the year	-	-	-	-
Adjustments during the year	-		-	-
Total comprehensive income for the year	-	-	(1,984.09)	(1,984.09)
Balance as at 31.03.2022	**49,500.00**	-	**(2,692.45)**	**46,807.55**

As per our report annexed
For L. N. Chaudhary & Co.
Chartered Accountants
FR No. 001150N

(CA Bhanwar Lal Singal)
Partner
Membership No. 099590

Date : 15.05.2023
Place : Delhi

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

On behalf of the Board

(Debasish Nanda)
Chairman
DIN-09015566

(Subhajit Sarkar)
Director
DIN-09706305

(Renu Narang)
Director
DIN-08070565

(S.P. Mohanty)
MD
DIN-05336787

(K.P. Gupta)
CS

(Anurag Shukla)
CFO

HINDUSTAN URVARAK & RASAYAN LIMITED
(a JV company of CIL, NTPC, IOCL, FCIL & HFCL)
Regd. Office: Core-4, 9th Floor, Scope Minar, Laxmi Nagar District Centre, Delhi-110092, India

CASH FLOW STATEMENT (INDIRECT METHOD)

(₹ in Lakhs)

		For the year ended 31.03.2023	For the year ended 31.03.2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		(9,286.20)	(1,883.09)
Adjustments for :			
Depreciation and Amortisation		27,998.24	406.14
Finance Cost		39,262.52	55.38
Interest from Bank Deposits		(634.22)	(172.21)
Gain on Mutual Funds Investments		(1,590.33)	(277.71)
Gain on Foreign exchange transactions		301.51	-
Loss on de-recognition of property, plant and equipment		0.98	-
Interest on Income Tax Refund		(29.63)	(3.87)
Liability written back		-	(62.12)
Operating Profit before working capital changes		56,022.87	(1,937.48)
Adjustment for :			
Security Deposits and Bank Deposits		(13,441.89)	(183.50)
Advances and Other Assets		61,757.71	(480.25)
Inventory		(23,331.80)	(369.95)
Trade Receivables		(2,39,984.97)	-
Liabilities and Outstanding Expenses		1,91,135.09	(15,930.82)
Cash Generated from Operation		**32,157.01**	**(18,902.00)**
Refund of Income Tax Received		151.18	-
Net Cash Flow from Operating Activities	(A)	**32,308.19**	**(18,902.00)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(7,63,295.26)	(2,026.11)
Expenditure on Project Construction		3,28,028.29	(3,59,284.29)
Purchase of Intangible Assets		(20.03)	(13.43)
Investment / Redemption of Mutual Funds		2,348.01	225.60
Interest from Bank Deposits		466.55	482.26
Gain on Mutual Funds Investments		1,341.11	145.47
Net Cash from Investing Activities	(B)	**(4,31,131.33)**	**(3,60,470.50)**
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Share Capital		1,99,962.00	1,49,295.00
Proceeds from Non Current Borrowings		2,81,549.65	2,55,122.00
Interest and Other Borrowing Cost		(69,704.24)	(79,145.34)
Payment of Lease Obligations		(471.01)	(469.56)
Net Cash from Financing Activities	(C)	**4,11,336.40**	**3,24,802.10**
Net Increase / (Decrease) in Cash & Cash equivalents (A+B+C)		12,513.26	(54,570.40)
Cash & Cash equivalents (Opening balance)		4,672.75	59,243.15
Cash & Cash equivalents (Closing balance)		17,186.01	4,672.75

(All figures in bracket represent outflow)

As per our report annexed
For L. N. Chaudhary & Co.
Chartered Accountants
FR No. 001150N

(CA Bhanwar Lal Singal)
Partner
Membership No. 099590

Dated : 15.05.2023
Place : Delhi

On behalf of the Board

(Debasish Nanda) Chairman DIN-09015566	**(Subhajit Sarkar)** Director DIN-09706305	**(Renu Narang)** Director DIN-08070565
(S.P. Mohanty) MD DIN-05336787	**(K.P. Gupta)** CS	**(Anurag Shukla)** CFO

L. N. CHAUDHARY & CO. DELHI Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS

Note: 1 CORPORATE INFORMATION

Hindustan Urvarak and Rasayan Limited (the "Company") is a public company domiciled in India and has been incorporated under the provisions of the Companies Act, 2013 applicable in India (CIN: U24100DL2016PLC358399). The registered office of the company is located at Core-4, 9th Floor, Scope Minar, Laxmi Nagar District Centre, Delhi-110092, India. It is a Joint Venture Company of Coal India Limited (CIL), NTPC Limited (NTPC), Indian Oil Corporation Limited (IOCL), Fertiliser Corporation of India Limited (FCIL) and Hindustan Fertiliser Corporation Limited (HFCL) incorporated with an objective to establish and operate fertiliser and chemical complexes at Gorakhpur and Sindri units of FCIL and Barauni unit of HFCL and market their products, taking into consideration the assets of FCIL and HFCL at Gorakhpur, Sindri & Barauni.

Note 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("Act") read with the Companies (Indian Accounting Standards) Rules and other relevant provisions of the Act and Rules thereunder, as amended from time to time.

The comparative information disclosed is based on the financial statements of the Company prepared in accordance with Ind AS for the year ended 31st March, 2023 for the Statement of Profit & Loss and Balance Sheet as on that date.

The financial statements have been prepared on historical cost basis of measurement, except for

- certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments in para 2.11);
- assets held for sale - measured at the lower of carrying amount and fair value less cost to sell; and
- Defined benefit plans- plan assets measured at fair value.

2.1.1 Rounding of amounts

Amounts in these financial statements are presented in Indian Rupees (Rs.) which is Company's presentation and functional currency and all values are rounded to the nearest Lakh (up to two decimals), except when otherwise indicated.

The transactions and balances with values below rounding off norm adopted by the Company have been reflected as 0.00 in the financial statements.

2.2 Current and Non-Current Classification

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

All other assets are classified as non-current.

A liability is treated as current when:
(a) it is expected to be settled in its normal operating cycle;
(b) it is held primarily for the purpose of trading;
(c) it is due to be settled within twelve months after the reporting period; or

HINDUSTAN URVARAK & RASAYAN LTD. *

NOTES TO THE FINANCIAL STATEMENTS

(d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.3 Revenue Recognition

2.3.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration specified in a contract with a customer.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract .

2.3.2 Subsidy

Subsidy on manufactured Urea is recognised at a point in time when control of the goods has transferred from seller to buyer and there is no unfulfilled obligation and it is recognised at the price determined according to the provisions of New Investment Policy (NIP) 2012 as notified and amended from time to time by the Government of India, with the adjustments for escalation/de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters/guidelines/instructions in this regard as notified by Government of India.

The subsidy recognition is subject to revision on finalisation of annual gas pool rate by Fertilizer Industry Coordination Committee (FICC), an office of Government of India which regulates such subsidy and difference if any, in the amount recoverable from Government of India are recognized in the year in which revised rates are notified by FICC.

Uniform freight subsidy on Urea has been accounted in accordance with the parameters and notified rates.

2.3.3 Other revenue

Interest income from financial assets is recognised using Effective Interest Method.

For interest due from customers, vendor's etc. interest income is recognized when no significant uncertainty as to its realization exists and is accounted on time proportion basis at contracted rates.

Dividends are recognised only when the right to receive payment is established.

Sale of scrap/waste material is recognised on disposal.

Insurance and other miscellaneous claims are recognized on receipt/acceptance of claim.

HINDUSTAN URVARAK & RASAYAN LTD. *

NOTES TO THE FINANCIAL STATEMENTS

Contract Assets

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

Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

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

2.4 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

2.4.1 Grant relating to Assets (Capital Grants)

In case of Government grants relating to depreciable assets, the cost of the assets is shown at gross value and grant thereof is treated as Deferred Income in Other noncurrent liabilities which are recognized as income in the Statement of Profit and Loss over the period and in the proportion in which depreciation is charged.

In the event of such property, plant and equipment being disposed off before completion of its estimated useful life, the outstanding amount of such capital grant is fully credited to profit or loss in the year of its disposal.

2.4.2 Grant related to Expense (Revenue Grants)

Revenue grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related cost for which the grants are intended to compensate.

2.4.3 When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate or NIL interest rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Classification of the grant is made considering the terms and condition of the grant i.e. whether grants relates to assets or otherwise.

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

2.5 Leases

2.5.1 Company as a lessee

At the date of commencement of the lease, the Company recognizes 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 recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The interest expense on the lease liability and the depreciation expense on the right-of-use asset is separately recognised.

The right-of-use assets are initially recognized 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. 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 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. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

2.5.2 Company as a lessor

2.5.2.1 Finance leases Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.5.2.2 Operating leases Lease income from operating leases (excluding amounts for services such as insurance and maintenance) is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying assets is diminished.

2.6 Property, Plant and Equipment (PPE)

An item of Property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses under Cost Model. The cost of an item of property, plant and equipment comprises:
(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item depreciated separately. However, significant part(s) of an item of PPE having same useful life and depreciation method are grouped together in determining the depreciation charge.

Catalysts which are used in commissioning of new plant are capitalized and are amortized based on the estimated useful life as technically assessed. Subsequent issues of catalysts, if any, are treated as inventory.

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Subsequent cost of replacing parts of an item of property, plant and equipment are recognised in the carrying amount of the item, if 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 those parts that are replaced is derecognised in accordance with the derecognition policy mentioned below.

When major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if 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. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

Costs of the day to-day servicing described as for the 'repairs and maintenance' are recognised in the statement of profit and loss in the period in which the same are incurred.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

An item of Property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of assets. Any gain or loss arising on such derecognition of an item of property plant and equipment is recognised in profit and Loss.

Depreciation on PPE, is provided as per cost model on straight line basis over the useful lives prescribed in Schedule II to the Companies Act, 2013 except freehold land and following categories of assets for which useful life is different from schedule II is adopted by company:

Asset Type	Useful life in Years
Mobile Phones	3
Mandatory Spares	2
Catalyst	5
Refractory	8
Enabling Works	
- Internal Electrification of Non-Plant Building	10
- Internal Electrification of Plant Building	. 5
Forklift and Hydra	8
Firefighting Tender and Ambulance	15
Laboratory Equipment	5 to 10
Electrical Equipment	5 to 10
Plant and Machinery	5 to 15

Right of use assets is recognised for assets under lease (including leasehold land) which are depreciated as per 2.5.1. Immovable assets constructed over leasehold land are depreciated at the estimated useful life as per Schedule-II or lease period of land (including renewable/ likely renewable period), whichever is earlier except for which useful life is different from schedule II is adopted by the company & tabulated below:-

Asset Type	Useful life in Years
Old Refurbished Building i.e. Guest House, Admin Building etc.	15
Main Plant and associated works	25

Depreciation on individual item of PPE whose actual cost does not exceed five thousand rupees, is provided at the rate of 100% in the year of capitalisation and the residual value of rupee one is retained.

The residual value of Property, plant and equipment is considered as 5% of the original cost.

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The estimated residual value, useful lives and method of depreciation of Property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any..

Depreciation on the assets added / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

2.7 Capital Work in Progress

Cost incurred for property, plant and equipment that are not ready for their intended use as on the reporting date, is classified under capital work- in-progress.
Revenue expenses exclusively attributable to projects incurred during construction period are capitalised under Capital Work in Progress as Expenditure During Construction Period and allocated to the Property, Plant and Equipment at the time of Capitalization of the project.

Borrowing cost incurred during construction period on loans specifically borrowed and utilized for projects is capitalized on quarterly basis up to the date of capitalization.

Income pertaining to construction period such as interest earned on short term deposits attributable to the debt, interest on advance provided to the project contractors, price reduction and sale of goods (including subsidy) during trial run is adjusted against the Expenditure During Construction Period.

Assets under construction/Capital Work in Progress are not depreciated as these assets are not yet available for use. However, they are tested for impairment if any.

2.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Technical know-how / license fee relating to production process and process design are recognized as Intangible Assets and amortized on a straight-line basis over the life of the underlying plant/ facility.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives on a straight-line basis pro-rata from the date the asset is available to the Company for its use and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

An intangible asset with an indefinite useful life is not amortised but is tested for impairment at each reporting date.

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

Cost of Software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or three years, whichever is less; with a nil residual value. However, where such computer software is still in development stage, cost incurred during the development stage of such software are accounted as "Intangible Assets Under Development". Web development and App development cost are

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recognized as intangible asset and amortised on straight line method over a period of five years, with a nil residual value.

Expenditure incurred on Research & Development, other than on capital account, is charged to revenue.

Investment Property

2.9 Non-Current Assets Held for Sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-Current Assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less cost to sell. Assets and liabilities classified as held for sale are presented separately in the Balance Sheet.

PPE and Intangible Assets once classified as held for sale are not depreciated or amortized.

2.10 Impairment of Non-Financial Assets

The Company assesses at the end of each financial year whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

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2.11 Financial Instruments

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

2.11.1 Financial assets

2.11.1.1 Initial recognition and measurement

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2.11.1.2 Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

2.11.1.2.1 Debt instruments at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

2.11.1.2.2 Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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2.11.1.2.3 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

2.11.1.2.4 Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value.

The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

2.11.1.2.5 Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.11.1.2.6 Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

2.11.2 Financial Liabilities

2.11.2.1 Initial recognition and measurement

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

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

2.11.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2.11.2.2.1 Financial liabilities at fair value through profit or loss

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

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

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

2.11.2.2.2 Financial liabilities at amortised cost

After initial recognition, these are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss.

2.11.2.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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2.11.3 Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

2.11.4 Off setting of financial instruments

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

Financial Risk Management

2.12 Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets incurred during the period of time that is required to complete and prepare the asset for its intended use or sale less any investment income on the temporary investment of those borrowings are capitalized. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which the same are incurred.

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2.13 Taxation

Income tax expense for the period represents the sum of tax currently payable, adjustments for tax provisions of previous years and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Taxable profit differs from "profit before income tax" as reported in the Statement of Profit or Loss and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.14 Employee Benefits

2.14.1 Short-term Benefits

Employee benefits which are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services are classified as short-term employee benefits. All short-term employee benefits are recognized in the period in which in which the services have been rendered.

2.14.2 Post-employment benefits and other long-term employee benefits

2.14.2.1 Defined Contribution plans

Under defined contribution scheme, provident fund is a post-employment benefit plan established under State Plan. The company pays fixed contribution into fund maintained by Employees Provident Fund Organisation (EPFO) and the Company will have no legal or constructive obligation to pay further amounts.

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The contributions to the scheme are charged to the statement of profit and loss in the year when employee rendered related services.

2.14.2.2 Defined benefits plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is covered under defined benefit plans (with ceilings on benefits). The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value and reduced by the fair value of plan assets, if any. The discount rate is based on the prevailing market yields of Indian Government securities as at the reporting date that have maturity dates approximating the terms of the company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The application of actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases, mortality rates etc. Due to the long-term nature of these plans, such estimates are subject to uncertainties. The calculation is performed at each balance sheet by an actuary using the projected unit credit method. When the calculation results in to the benefit to the company, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan. An economic benefit is available to the company if it is realisable during the life of the plan, or on settlement of plan liabilities.

Re-measurement of the net defined benefit liability, which comprise actuarial gain and losses considering the return on plan assets (excluding interest) and the effects of the assets ceiling (if any, excluding interest) are recognised immediately in the other comprehensive income. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as expense immediately in the statement of profit and loss.

2.14.3 Other Long-term Employee benefits

Other employee benefits viz. leave encashment etc. are also recognised on the same basis as described above for defined benefits plan. These benefits do not have specific funding.

2.15 Foreign Currency Transactions

The company's reported currency and the functional currency for majority of its operations is in Indian Rupees (INR) being the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded by converting into the reported currency of the company using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies outstanding at the end of the reporting period are translated at the exchange rates prevailing as at the end of reporting period. Exchange differences arising on the settlement of monetary assets and liabilities or on translating monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of profit and loss in the period in which they arise.

Non-monetary items measured in terms of historical cost in a foreign currency are recorded at the exchange rate prevailing on the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items

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measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of profit and loss are also recognised in OCI or Statement of profit and loss, respectively).

2.16 Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress or finished goods includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. 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.

Traded Fertilizers are valued at lower of cost determined on first-in-first-out basis and net realizable value.

The diminution in the value of obsolete, unserviceable, surplus and non-moving items of stores and spares is ascertained on review and provided for.

2.17 Provisions, Contingent Liabilities & Contingent Assets

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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.

2.18 Cash and Cash Equivalents

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

2.19 Earnings per share

Basic Earnings Per Share (EPS) is computed by dividing the net profit/ (loss) after tax for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.
Diluted Earnings Per Shares is computed adjusting the figures used in the determination of basic earnings per share as follows:

a) profit or loss attributable to equity shareholders of the company is increased by the after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential equity shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential equity shares; and
b) the weighted average number of equity shares outstanding is increased by the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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In the absence of dilutive potential equity shares, Basic EPS and Diluted EPS will remain same.

2.20 Adjustments pertaining to prior period
Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

2.21 Prepaid Expenses
Individual expense up to Rs. 1,00,000 not being considered material is included in the expenditure of current period.

2.22 Judgements, Estimates and Assumptions

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reported period. Application of accounting policies involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimates are revised and, if material, their effects are disclosed in the notes to the financial statements.

2.22.1 Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

2.22.1.1 Formulation of Accounting Policies
Accounting policies are formulated in a manner that result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

In the absence of an Ind AS that specifically applies to a transaction, other event or condition, management has used its judgement in developing and applying an accounting policy that results in information that is:
a) relevant to the economic decision-making needs of users and
b) reliable in that financial statements:
(i) represent faithfully the financial position, financial performance and cash flows of the Company(ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form; (iii) are neutral, i.e. free from bias; (iv) are prudent; and (v) are complete in all material respects on a consistent basis

In making the judgement management refers to, and considers the applicability of, the following sources in descending order:
(a)the requirements in Ind ASs dealing with similar and related issues; and
(b)the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

In making the judgement, management considers the most recent pronouncements of International Accounting Standards Board and in absence thereof those of the other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in above paragraph.

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

2.22.1.2 Materiality

Ind AS applies to items which are material. Management uses judgment in deciding whether individual items or group of items are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether omission or misstatement could individually or collectively influence the economic decisions that users make on the basis of the financial statements. Management also uses judgement of materiality for determining the compliance requirement of the Ind AS. In particular circumstances either the nature or the amount of an item or aggregate of items could be the determining factor. Further the Company may also be required to present separately immaterial items when required by law.

2.22.2 Estimates and assumptions

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

2.22.2.1 Impairment of non-financial assets

There is an indication of impairment if, the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other mining infrastructures. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in respective notes.

2.22.2.2 Fair value measurement of financial instruments

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

2.23 Abbreviation used:

a.	CGU	Cash generating unit
b.	DCF	Discounted Cash Flow
c.	FVTOCI	Fair value through Other Comprehensive Income
d.	FVTPL	Fair value through Profit & Loss
e.	GAAP	Generally accepted accounting principal
f.	Ind AS	Indian Accounting Standards
g.	OCI	Other Comprehensive Income
h.	P&L	Profit and Loss
i.	PPE	Property, Plant and Equipment
j.	SPPI	Solely Payment of Principal and Interest
k.	LSTK	Lumpsum Turnkey Contract

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 : PROPERTY , PLANT AND EQUIPMENT

(₹ in Lakhs)

	Freehold Land	Furniture and Fixtures	Vehicles	Plant & Machinery	Electrical Equipment and Installations	Office Equipments	Computers and Data Processing Equipments	Railway Sidings	Road, Drain & Culvert	Total
Gross Carrying Amount:										
As at 1 April 2021	11.28	244.82	-	10.31	44.90	228.38	246.16	-	-	785.85
Additions	-	241.28	1,381.16	104.33	5.20	106.07	188.72	-	-	2,026.76
Deletions/Adjustments	-	-	-	-	-	-	(0.65)	-	-	(0.65)
As at 31 March 2022	11.28	486.10	1,381.16	114.64	50.10	334.45	434.23	-	-	2,811.96
As at 1 April 2022	11.28	486.10	1,381.16	114.64	50.10	334.45	434.23	-	-	2,811.96
Additions	78.78	379.76	116.01	7,51,853.01	4,567.74	339.35	182.48	2,960.93	2,915.33	7,63,393.39
Deletions/Adjustments	-	-	-	(0.52)	-	(25.39)	(70.56)	-	-	(96.47)
As at 31 March 2023	90.06	865.86	1,497.17	7,51,967.13	4,617.84	648.41	546.15	2,960.93	2,915.33	7,66,108.88
Accumulated Depreciation and Impairment										
As at 1 April 2021	-	56.76	-	2.48	10.28	80.16	124.55	-	-	274.23
Charge for the year	-	36.45	39.40	8.94	4.70	50.85	66.43	-	-	206.77
Impairment	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustments	-	-	-	-	-	-	(0.03)	-	-	(0.03)
As at 31 March 2022	-	93.21	39.40	11.42	14.98	131.01	190.95	-	-	480.97
As at 1 April 2022	-	93.21	39.40	11.42	14.98	131.01	190.95	-	-	480.97
Charge for the period	-	76.57	96.20	26,012.16	336.41	99.33	19.04	171.09	254.81	27,065.61
Impairment	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustments	-	-	-	0.11	-	5.10	55.09	-	-	60.30
As at 31 March 2023	-	169.78	135.60	26,023.69	351.39	235.44	265.08	171.09	254.81	27,606.88
Net Carrying Amount										
As at 31 March 2023	**90.06**	**696.08**	**1,361.57**	**7,25,943.44**	**4,266.45**	**412.97**	**281.07**	**2,789.84**	**2,660.52**	**7,38,502.00**
As at 31 March 2022	**11.28**	**392.89**	**1,341.76**	**103.22**	**35.12**	**203.44**	**243.28**	**-**	**-**	**2,330.99**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 : CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

	Project Development Expenses
Gross Carrying Amount:	
As at 1 April 2021	13,73,779.91
Additions	4,21,717.81
Capitalisation/Deletions	-
As at 31 March 2022	17,95,497.72
As at 1 April 2022	17,95,497.72
Additions (Note 4A)	4,70,262.70
Capitalisation/Deletions (Note 4A)	(7,61,525.20)
As at 31 March 2023	15,04,235.22
Provision and Impairment	
As at 1 April 2021	-
Charge for the year	-
Impairment	-
Deletions/Adjustments	-
As at 31 March 2022	-
As at 1 April 2022	-
Charge for the period	-
Impairment	-
Deletions/Adjustments	-
As at 31 March 2023	-
Net Carrying Amount	
As at 31 March 2023	15,04,235.22
As at 31 March 2022	17,95,497.72

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4A : CAPITAL WORK IN PROGRESS (DETAILED)

(₹ in Lakhs)

	Land Development	Plant Building	Office Building	Plant & Machinery	Electrical Equipment & Installation	Railway Sidings	Furniture and Fittings	Road, Drain and Culvert	Others incl. EDC(Net)*	Total
Gross Carrying Amount:										
As at 1 April 2021	10,725.71	-	14,576.64	9,60,406.72	3,027.55	4,051.83	0.15	2,406.39	1,15,622.78	11,10,817.77
Additions	1,273.26	9,958.84	22,540.25	4,52,560.78	1,767.74	5,079.35	8.75	3,612.52	1,87,878.46	6,84,679.95
Capitalisation/Deletions	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	11,998.97	9,958.84	37,116.89	14,12,967.50	4,795.29	9,131.18	8.90	6,018.91	3,03,501.24	17,95,497.72
As at 1 April 2022	11,998.97	9,958.84	37,116.89	14,12,967.50	4,795.29	9,131.18	8.90	6,018.91	3,03,501.24	17,95,497.72
Additions	757.13	3,495.65	5,353.17	3,66,666.75	914.21	896.36	-	4,206.61	87,972.81	4,70,262.69
Capitalisation/Deletions	(5,769.31)	(8,707.64)	(1,095.91)	(6,17,662.44)	(2,751.60)	(2,435.59)	(8.43)	(2,398.07)	(1,20,696.21)	(7,61,525.20)
As at 31 March 2023	6,986.79	4,746.85	41,374.15	11,61,971.81	2,957.90	7,591.95	0.47	7,827.45	2,70,777.84	15,04,235.21
Provision and Impairment										
As at 1 April 2021	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	-	-	-	-	-	-	-	-	-	-
As at 1 April 2022	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Deletions/Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	-	-	-	-	-	-	-	-	-	-
Net Carrying Amount										
As at 31 March 2023	**6,986.79**	**4,746.85**	**41,374.15**	**11,61,971.81**	**2,957.90**	**7,591.95**	**0.47**	**7,827.45**	**2,70,777.84**	**15,04,235.21**
As at 31 March 2022	**11,998.97**	**9,958.84**	**37,116.89**	**14,12,967.50**	**4,795.29**	**9,131.18**	**8.90**	**6,018.91**	**3,03,501.24**	**17,95,497.72**

***Refer Note- 32**

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 : INTANGIBLE ASSETS

(₹ in Lakhs)

	Computer Software	Website Development Cost	Total
Gross Carrying Amount:			
As at 1 April 2021	79.96	3.72	83.68
Additions	8.96	4.47	13.43
Deletions/Adjustments	-	-	-
As at 31 March 2022	88.92	8.19	97.11
As at 1 April 2022	88.92	8.19	97.11
Additions	15.88	4.14	20.02
Deletions/Adjustments	-	-	-
As at 31 March 2023	104.80	12.33	117.13
Amortisation and Impairment			
As at 1 April 2021	38.39	2.50	40.89
Charge for the year	23.46	0.82	24.28
Impairment	-	-	-
Deletions/Adjustments	-	-	-
As at 31 March 2022	61.85	3.32	65.17
As at 1 April 2022	61.85	3.32	65.17
Charge for the period	20.37	1.96	22.33
Impairment	-	-	-
Deletions/Adjustments	-	-	-
As at 31 March 2023	82.22	5.28	87.50
Net Carrying Amount			
As at 31 March 2023	22.58	7.05	29.63
As at 31 March 2022	27.07	4.87	31.94

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 : RIGHT OF USE ASSETS (ROU)

(₹ in Lakhs)

	Land and other assets	Building- Corporate Office	Building- Plant Site	Total
Gross Carrying Amount:				
As at 1 April 2021	80,742.30	1,548.33	-	82,290.63
Additions	-	153.85	13.59	167.44
Deletions/Adjustments	-	(35.44)	-	(35.44)
As at 31 March 2022	80,742.30	1,666.74	13.59	82,422.63
As at 1 April 2022	80,742.30	1,666.74	13.59	82,422.63
Additions	-	-	-	-
Deletions/Adjustments	-	-	(1.67)	(1.67)
As at 31 March 2023	80,742.30	1,666.74	11.92	82,420.96
Depreciation and Impairment				
As at 1 April 2021	3,742.09	742.92	-	4,485.01
Charge for the year	1,468.01	371.94	7.42	1,847.37
Impairment	-	-	-	-
Deletions/Adjustments	-	(19.39)	-	(19.39)
As at 31 March 2022	5,210.10	1,095.47	7.42	6,312.99
As at 1 April 2022	5,210.10	1,095.47	7.42	6,312.99
Charge for the period	1,468.01	385.02	13.60	1,866.63
Impairment	-	-	-	-
Deletions/Adjustments	-	-	(0.03)	(0.03)
As at 31 March 2023	6,678.11	1,480.49	20.99	8,179.59
Net Carrying Amount				
As at 31 March 2023	74,064.19	186.25	(9.07)	74,241.37
As at 31 March 2022	75,532.20	571.27	6.23	76,109.70

1. ROU Land and other assets include leasehold land and other assets of Gorakhpur, Sindri and Barauni Plant. The adoption of the IND AS-116 resulted in recognition of 'Right of Use' asset of Gorakhpur- ₹ 37,512.18 lakhs (Government Grant ₹ 21,000.00 lakhs) taken on lease from FCIL, Sindri- ₹ 16,513.61 lakhs taken on lease from FCIL and Barauni - ₹ 26,716.56 lakhs taken on lease from HFCL (Government Grant ₹ 10203.49 lakhs).
2. Building- Corporate Office include leasehold building of corporate office taken on lease from ONGC and NLC.

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE - 7 : OTHER FINANCIAL ASSETS

	As at 31.03.2023	As at 31.03.2022
Non Current		
Security deposits	1,387.11	547.59
Security deposits to Related Parties	2.76	-
Bank Deposits*	12,218.70	191.18
TOTAL	**13,608.57**	**738.77**

*Fixed deposits held as margin money against Debt Service Reserve Account (DSRA) Bank Guarantee which has to be maintained over the Rupee Term Loan (RTL) tenure/Letter of Credit with validity of more than 12 months. The above balance includes interest accrued as on 31.03.2023 amounting ₹ 213.62 lakhs (PY ₹ 8.14 lakhs).

Current		
Other Receivables	1.04	3.09
TOTAL	**1.04**	**3.09**

NOTE - 7A : Trade Receivable

a) Trade Receivables		
Unsecured, considered good	1,466.11	-
Doubtful	-	-
	1,466.11	-
Less: Allowance for doubtful debts (Expected Credit Loss)	-	-
Total (a)	**1,466.11**	
b) Subsidy (Government of India)	**2,38,518.87**	-
TOTAL (a + b)	**2,39,984.98**	**-**

NOTE 8 : OTHER NON-CURRENT ASSETS

	As at 31.03.2023	As at 31.03.2022
(i) Capital Advances	6,445.27	9,468.40
(ii) Advances other than capital advances		
CGST/SGST/IGST- Input	1,30,801.08	2,09,985.90
TOTAL	**1,37,246.35**	**2,19,454.30**
Current Tax Assets		
Advance tax, TDS and TCS	951.70	594.26
Less: Provision for tax	-	13.69
TOTAL	**951.70**	**580.57**

NOTE 9 : INVENTORIES

	As at 31.03.2023	As at 31.03.2022
Inventories :		
Finished Goods		
Neem Coated Urea	17,192.05	-
Ammonia	5,209.74	-
	22,401.79	-
Raw Material		
Neem Oil	96.06	-
Chemicals	63.16	-
	159.22	-
Others		
Packing Material	377.31	-
Spare Parts	763.42	369.95
	1,140.73	369.95
TOTAL	**23,701.74**	**369.95**

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE 10 : INVESTMENTS

	As at	
	31.03.2023	**31.03.2022**
Investment in Mutual Funds*	1,606.21	3,954.22
TOTAL	**1,606.21**	**3,954.22**
*Aggregate amount of quoted investment (at fair value)	1,606.21	3,954.22

NOTE - 11 : CASH AND CASH EQUIVALENTS

	As at	
	31.03.2023	**31.03.2022**
Balances with Banks		
- in Deposit Accounts	15,200.92	3,812.17
- in Current Accounts	1,985.09	860.58
TOTAL	**17,186.01**	**4,672.75**

NOTE - 12 : OTHER BANK BALANCES

	As at	
	31.03.2023	**31.03.2022**
Balances with Banks		
- in Deposit Accounts	610.83	38.74
TOTAL	**610.83**	**38.74**

1. Fixed deposits held as margin money against Bank Guarantee/LC with validity upto 12 months.
2. Balance with banks in deposit accounts includes interest accrued upto 31.03.2023 amounting ₹ 10.13 lakhs (PY ₹ 0.16 lakhs).

NOTE -13 : OTHER CURRENT ASSETS

	As at	
	31.03.2023	**31.03.2022**
Prepaid Expense	917.43	100.75
Advance for goods and services	796.08	570.46
Advance to employees	1,426.51	13.23
Advance to Related Parties	1.00	4.31
Input Tax Credit (CGST/SGST/IGST)	18,000.00	-
TOTAL	**21,141.02**	**688.75**

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE - 14 : EQUITY SHARE CAPITAL

	As at 31.03.2023	As at 31.03.2022
Authorised		
800,00,00,000 Equity Shares of ₹ 10/- each (PY 800,00,00,000) Equity Shares of ₹ 10/- each	8,00,000.00	8,00,000.00
	8,00,000.00	**8,00,000.00**
Issued, Subscribed and Paid-up		
688,78,90,000 Equity Shares of ₹ 10/- each (PY 488,82,70,000 Equity Shares of ₹ 10/- each)	6,88,789.00	4,88,827.00
	6,88,789.00	**4,88,827.00**

1. Shares in the Company held by each shareholder holding more than 5% shares:

Name of Promoter	No.of Shares held (Face value of Rs.10 each)	% of Total Shares
As on 31.03.2023		
Coal India Limited	2,29,59,55,000	33.33
NTPC Limited	2,29,59,55,000	33.33
Indian Oil Corporation Limited	2,29,59,55,000	33.33
As on 31.03.2022		
Coal India Limited	1,62,94,15,000	33.33
NTPC Limited	1,62,94,15,000	33.33
Indian Oil Corporation Limited	1,62,94,15,000	33.33

2. Details of shareholding of promoters:

Name of Promoter	No.of Shares held (Face value of Rs.10 each)	% of Total Shares	No. of shares issued during the year	% change during the period
As at 31.03.2023				
Coal India Limited	2,29,59,55,000	33.33	66,65,40,000	40.91
NTPC Limited	2,29,59,55,000	33.33	66,65,40,000	40.91
Indian Oil Corporation Limited	2,29,59,55,000	33.33	66,65,40,000	40.91
Fertilizer Corporation of India Limited	16,667	<0.01	-	-
Hindustan Fertilizer and Corporation Limited	8,333	<0.01	-	-
	6,88,78,90,000		**1,99,96,20,000**	
As at 31.03.2022				
Coal India Limited	1,62,94,15,000	33.33	49,76,50,000	43.97
NTPC Limited	1,62,94,15,000	33.33	49,76,50,000	43.97
Indian Oil Corporation Limited	1,62,94,15,000	33.33	49,76,50,000	43.97
Fertilizer Corporation of India Limited	16,667	<0.01	-	-
Hindustan Fertilizer and Corporation Limited	8,333	<0.01	-	-
	4,88,82,70,000		**1,49,29,50,000**	

3. The Company has only one class of equity shares having a face value ₹ 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of shareholders.

4. The Company has issued total 199,96,20,000 equity shares during the year ended 31.03.2023. These shares have been issued to the Equity Shareholders of the Company namely Coal India Limited, NTPC Limited and Indian Oil Corporation Limited in lieu of funds recieved through right issue resulting in increase in paid up share capital of each of these shareholders by 66,65,40,000 shares during the year.

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE 27 : FREIGHT AND HANDLING

	For the year ended 31.03.2023	For the year ended 31.03.2022
Freight and Handling Expense	13,026.98	-
Less: Transferred to expenditure during construction period (Note-32)	3,445.96	-
TOTAL	**9,581.02**	-

NOTE 28 : EMPLOYEE BENEFITS EXPENSES

	For the year ended 31.03.2023	For the year ended 31.03.2022
Salary and other benefits		
Salary	9,784.11	5,355.27
Contribution to Provident Fund	453.80	337.52
Actuarial Gain/loss	(6.21)	(24.91)
Other Employee Benefits	75.50	127.03
	10,307.20	5,794.91
Less: Transferred to expenditure during construction period (Note-32)	6,515.28	5,676.35
	3,791.92	**118.56**
Deputation Cost		
For Employees of CIL	388.70	328.07
For Employees of NTPC	885.10	1,335.28
For Employees of IOCL	785.65	773.35
For Employees of GSPC	22.60	36.51
	2,082.05	2,473.21
Less: Transferred to expenditure during construction period (Note-32)	1,323.00	2,205.46
	759.05	**267.75**
TOTAL	**4,550.97**	**386.31**

1. Employee cost of HURL (other than salary and other benefits of Managing Director, Company Secretary and for Gorkhpur employees from 03rd May 2022 onwards) has been transferred to expenditure during construction period.
2. The Company has employees on deputation from CIL, NTPC , IOCL and GSPC LNG Limited. Deputation cost is being reimbursed and GST on deputation cost is being reimbursed to these companies on the basis of tax invoice, whoever has claimed.
3. Deputation cost incurred during the period with respect to employees on deputation other than the deputation cost of Head of HR, Finance and Marketing and MD Secretariat is transferred to expenditure during Construction period.
4. Deputaion Cost is regrouped in current year, in previous year the same was shown as a separate heading in Statement of Profit & Loss.

NOTE 29 : FINANCE COST

	For the year ended 31.03.2023	For the year ended 31.03.2022
Unwinding of discount on Lease Liabilities	42.10	59.11
Unwinding of discount on Interest Free Loan	4,492.20	4,192.35
Interest and Other Borrowing Cost	1,08,966.76	79,145.35
Less: Interest Income on Bank Deposits (Note-25)	34.72	310.06
Less: Transferred to expenditure during construction period (Note-32)	74,203.82	83,031.37
TOTAL	**39,262.52**	**55.38**

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE 30 : DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31.03.2023	For the year ended 31.03.2022
On Property Plant and Equipment (Note-3)	27,186.20	206.77
On Intangible Assets (Note-5)	22.33	24.29
On Right of Use of Assets (Note-6)	1,866.57	1,823.25
	29,075.10	2,054.31
Less: Transferred to expenditure during construction period (Note-32)	1,076.87	1,648.18
TOTAL	**27,998.23**	**406.13**

Depreciation of property, plant and equipment and intangible assets and amortisation of right of use assets other than held for Corporate Office and Marketing department is transferred to expenditure during construction period in case of Barauni & Sindri unit and upto 03rd May 2022 for Gorakhpur unit.

NOTE 31 : OTHER EXPENSES

	For the year ended 31.03.2023	For the year ended 31.03.2022
Promotional expenses of Urea Brand	66.03	115.89
Bagging Operations	740.29	-
Manpower Services	2,629.30	1,351.72
Telephone & Internet Expenses	39.72	26.92
Vehicle Hire Charges	380.66	309.69
Advertisement and Publicity Expenses	5.76	3.18
Auditor's Remuneration	4.90	3.79
Consultancy Expense	128.47	270.77
Credit Rating Fee	27.20	14.46
Electricity & Fuel Expenses	1,505.41	626.98
Loss on Foreign exchange transactions (net)	301.51	9.85
Guest House Expense	620.58	280.56
Hotel Accommodation Charges	16.94	124.17
Legal and Professional Expenses	48.71	50.07
Bank Charges	1,218.58	203.76
Insurance Premium	1,157.84	2.39
Sitting Fees	-	4.20
Office Expenses	205.08	115.83
Printing & Stationeries	48.66	43.45
Recruitment Expense	66.22	139.88
EDP & IT Expenses	170.87	73.69
Rent- Land and Building	113.28	440.85
Rent- Office equipments	3.67	5.85
Repair & Maintenance	2,312.14	647.51
Security Service Charge	1,780.62	1,291.73
Housekeeping Expenses	207.75	-
Holding Tax (Sindri)	89.25	136.98
Travelling Expenses	267.14	233.35
Training Expenses	8.50	125.91
Environment Monitoring Expense	75.02	0.01
Horticulture Work	148.40	112.75
Project Inaugration Expenses	7.33	743.63
Hire Charges of Equipments	25.05	643.85
Miscellaneous Expenses	377.14	215.46
	14,798.02	8,369.13
Less: Transferred to expenditure during construction (Note-32)	5,511.94	6,704.61
TOTAL	**9,286.08**	**1,664.52**

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE 15 : OTHER EQUITY

	Shares to be issued against Right of use of Land and other Usable Assets	Retained Earnings	Total
Balance as at 01.04.2022	49,500.00	(2,692.45)	46,807.55
Additions during the period	-	(6,104.19)	(6,104.19)
Comprehensive income for the year		9.87	9.87
Adjustments during the period	-	-	-
Total comprehensive income during the period	-	(6,094.32)	(6,094.32)
Balance as at 31.03.2023	**49,500.00**	**(8,786.77)**	**40,713.23**
Balance as at 01.04.2021	41,918.96	(708.36)	**41,210.60**
Additions during the year	7,581.04	-	7,581.04
Adjustments during the year	-	-	-
Total comprehensive income during the year	-	(1,984.09)	(1,984.09)
Balance as at 31.03.2022	**49,500.00**	**(2,692.45)**	**46,807.55**

Shares to be issued against Right of Use of Land and Other Usable Assets is considered for the rights obtained at Gorakhpur, Sindri and Barauni sites on registration of lease deed and concession agreement with FCIL and HFCL. This share is recognised for ₹ 165,00 lakhs for each Project site viz. Gorakhpur, Sindri and Barauni. Accordingly, shares to be issued to FCIL is ₹ 33,000 lakhs and shares to be issued to HFCIL is ₹ 16,500 lakhs.

Equity shares for settlement of the same will be issued in future as per terms of Joint Venture Agreement.

NOTE - 16 : BORROWINGS

	As at 31.03.2023	As at 31.03.2022
Non-Current		
Term Loan from Banks (Secured)	13,15,553.92	11,78,647.00
Interest Free Loan from Govt. of India (Secured)	58,795.99	55,477.78
TOTAL	**13,74,349.91**	**12,34,124.78**
Current		
Term Loan from Banks (Secured)	1,20,222.85	-
Working Capital Demand Loan (Secured)	18,842.02	-
Cash Credit (Secured)	6,472.86	-
Interest Free Loan from Govt. of India (Secured)	1,075.51	796.52
TOTAL	**1,46,613.24**	**796.52**

Note:

1. The bank borrowings has been secured by creating charge in the favor of trustee assigned by consortium of banks against the fixed assets, movable and immovable, other than land (where lease deed would be charged), of the Project, both present and future.
2. Interest rate on term loan is SBI MCLR 1 year (floating) plus 0.50%.
3. Company has taken working capital loan during FY 2022-23 at interest rate SBI MCLR 6 month floating + 0.25%
4. Repayment of term loan has been commenced from FY 2022-23 for Gorakhpur unit.
5. Repayment of term loan for Barauni & Sindri unit will commence from FY 2023-24.
6. Loan from Govt. of India is received as interest free loan (IFL) to meet the expenditure towards Interest during construction period payable to banks against term loan. The total IFL received is ₹ 89480 lakhs. IFL repayment of ₹ 351 lakh for Gorakhpur unit,₹ 283 lakhs for Barauni unit and ₹ 261 lakhs for Sindri unit has been made during FY 2022-23. The present value of loan payable as on 31.03.2023 is shown under current borrowings, government grant in the nature of interest waiver is shown in Note- 22 as deferred income.

Pari passu charge has been created on project assets in favour of Government of India against IFL.

7. Borrowings have been used for for the project construction activities for which it was taken.

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE - 17 : LEASE LIABILITIES

	As at 31.03.2023	As at 31.03.2022
Non current		
Lease Liabilities against ROU assets	35.81	337.83
TOTAL	**35.81**	**337.83**
Current		
Lease Liabilities against ROU assets	216.88	353.69
TOTAL	**216.88**	**353.69**

NOTE - 18 : TRADE PAYABLES

	As at 31.03.2023	As at 31.03.2022
Current		
Trade Payables for Micro, Small and Medium Enterprises (MSME)	913.88	-
	913.88	**-**
Total Outstanding other than MSME		
Trade Payable - Related Party	17,460.15	-
Trade Payables for other than MSME	54,817.54	28,928.82
TOTAL	**72,277.69**	**28,928.82**

NOTE - 19 : OTHER FINANCIAL LIABILITIES

	As at 31.03.2023	As at 31.03.2022
Non Current		
Liability for Employee Benefits	50.83	34.33
Security Deposits from Dealers	4,242.00	2,580.80
TOTAL	**4,292.83**	**2,615.13**
Current		
Payable for capital goods, services and others		
- MSME	742.79	150.26
- Non MSME (LSTK)	19,995.71	4,579.33
- Non MSME (Others)	1,29,069.36	1,613.18
Security Deposits from Vendors	4,003.39	2,749.66
Earnest Money Deposit	415.14	171.97
Retention Money from Contractors	1,24,161.57	1,33,874.49
Payable to Related Parties	24.36	286.24
Liability for Employees	12.68	67.79
Outstanding expenses	46,957.02	33,498.35
TOTAL	**3,25,382.02**	**1,76,991.27**

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE - 20 : PROVISIONS

	As at 31.03.2023	As at 31.03.2022
Non Current		
Employee Benefits		
-Earned Leaves	353.50	185.03
-Gratuity	259.75	131.90
-Sick Leaves	184.37	139.66
Enterprise Social Commitment	58,180.75	58,944.07
TOTAL	**58,978.37**	**59,400.66**
Current		
Employee Benefits		
-Earned Leaves	51.42	26.95
-Gratuity	30.54	9.50
-Sick Leaves	28.33	20.87
-Performance linked pay	281.84	187.50
-Salary Revision	1,409.50	-
TOTAL	**1,801.63**	**244.82**

NOTE 21 : DEFERRED TAX LIABILITIES/(ASSET)

	As at 31.03.2023	As at 31.03.2022
Opening Balance	129.96	28.96
Deferred Tax Asset recognised during the period	(3165.00)	-
Deferred Tax Liability recognised during the period	-	101.00
TOTAL	**(3,035.04)**	**129.96**

NOTE - 22 : OTHER NON CURRENT LIABILITIES

	As at 31.03.2023	As at 31.03.2022
Deferred Income- Right of Use Assets	29,051.14	29,626.77
Deferred Income- Interest Free Loan from GOI	28,713.49	33,205.70
TOTAL	**57,764.63**	**62,832.47**

NOTE - 23 : OTHER CURRENT LIABILITIES

	As at 31.03.2023	As at 31.03.2022
Advance from Customers	2,142.57	582.44
Advance- Others	-	148.80
Total (a)	2,142.57	731.24
Statutory Dues:		
TDS (Income Tax) payable	359.69	481.17
GST payable	1,178.49	43.10
TDS (GST) payable	143.19	687.64
Contribution to Approved Funds	112.67	69.39
Other Statutory Dues	15.98	68.45
Total (b)	1,810.02	1,349.75
TOTAL (a + b)	**3,952.59**	**2,080.99**

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

NOTE 24 : REVENUE FROM OPERATIONS

	For the year ended 31.03.2023	For the year ended 31.03.2022
Sale of Goods		
Neem-Coated Urea	62,293.38	-
Ammonia	5,934.72	-
Less: Transferred to expenditure during construction period (Note-32)	22,797.83	-
	45,430.27	-
Other Operating Revenue		
Subsidy- Price	5,35,183.07	-
Subsidy- Freight	10,201.63	-
Less: Transferred to expenditure during construction period (Note-32)	1,50,695.44	-
	3,94,689.26	-
TOTAL	**4,40,119.53**	-

NOTE 25 : OTHER INCOME

	For the year ended 31.03.2023	For the year ended 31.03.2022
Interest from :		
Deposits with Banks	466.55	482.26
Mobilisation Advances	250.91	230.42
Less: Transferred to Finance Cost (Note 29)	34.72	310.06
Less: Transferred to expenditure during construction period (Note-32)	48.52	230.42
	634.22	172.20
Gain on Mutual Fund Investments	1,590.33	277.71
Deferred Income- Right of Use Assets	575.63	575.63
Deferred Income- Interest Free Loan from GOI	4,492.20	4,192.35
Miscellaneous income	718.58	262.88
	7,376.74	5,308.57
Less: Transferred to expenditure during construction period (Note-32)	3,211.29	4,851.52
	4,165.45	457.05
TOTAL	**4,799.67**	**629.25**

1. Interest earned on temporary parking of borrowed funds in form of deposits with bank is transferred to Finance Cost and net finance cost is transferred to CWIP in case of Barauni & Sindri unit and upto 03rd May 2022 for Gorakhpur unit.
2. Gain on mutual funds includes unrealised gain amounting ₹ 249.22 lakhs (PY ₹ 132.24 lakhs) which is the difference of NAV per unit as on the reporting date and NAV per unit as on the previous reporting date/date of investment as well as transaction date current year Mutual fund.
3. Income generated from investment of equity funds is charged to P&L as Other Income.
4. Other income generated from construction contracts and related to plant are transferred to expenditure during construction period in case of Barauni & Sindri unit and upto 03rd May 2022 for Gorakhpur unit.

NOTE 26 : COST OF MATERIALS CONSUMED

	For the year ended 31.03.2023	For the year ended 31.03.2022
Cost of Materials Consumed:		
Natural Gas	7,23,791.75	-
Packing Material	5,604.51	-
Neem Oil	763.40	-
Chemicals	731.19	-
Less: Transferred to expenditure during construction period (Note-32)	3,61,636.94	-
TOTAL	**3,69,253.91**	-

NOTE 26 A : CHANGES IN INVENTORIES

	For the year ended 31.03.2023	For the year ended 31.03.2022
Changes In Inventories:		
Neem Coated Urea	(17,192.05)	-
Ammonia	(5,209.74)	-
Less: Transferred to expenditure during construction period (Note-32)	(16,674.47)	-
TOTAL	**(5,727.32)**	-

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 32 : EXPENDITURE DURING CONSTRUCTION PERIOD

	For the year ended 31.03.2023	For the year ended 31.03.2022
Expense on Enterprise Social Commitment	763.32	6,594.00
Cost of Material Consumed (Note-26)	3,61,636.94	-
Changes in Inventories (Note-26A)	(16,674.47)	-
Freight and Handling (Note-27)	3,445.96	-
Employee Benefits Expenses (Note-28)	7,838.28	7,881.80
Finance Cost (Net) (Note-29)	74,203.82	83,031.37
Depreciation and Amortisation Expense (Note-30)	1,076.87	1,648.18
	4,32,290.72	99,155.35
Other Expenses (Note-31)		
Promotional expenses of Urea Brand	1.08	-
Manpower Services	1,018.99	1,381.01
Telephone & Internet Expenses	22.50	26.91
Vehicle Hire Charges	237.02	297.67
Advertisement and Publicity Expenses	5.76	2.35
Consultancy Expense	38.48	14.46
Credit Rating Fee	11.94	129.15
Electricity & Fuel Expenses	4.35	606.70
Guest House Expense	303.40	280.56
Hotel Accommodation Charges	7.42	123.75
Legal and Professional Expenses	7.48	12.17
Bank Charges	509.99	203.63
Insurance Premium	4.66	2.13
Office Expenses	163.64	109.51
Printing & Stationeries	20.50	41.55
Rent- Land and Building	83.23	444.34
Rent- Office equipments	0.56	-
Repair & Maintenance	620.93	611.73
Security Service Charge	1,086.93	1,262.30
Holding Tax (Sindri)	32.70	136.98
Travelling Expenses	69.10	158.29
Horticulture Work	90.15	112.75
Hire Charges of Equipments	9.55	640.14
Miscellaneous Expenses	1,161.58	106.54
	5,511.94	6,704.62
Less:		
Sale of Goods (Note-24)	22,797.83	-
Other Operating Revenue (Note-24)	1,50,695.44	-
Other Income (Note-25)	3,259.81	5,081.94
	1,76,753.08	5,081.94
Carried to Capital work in progress (Note-4A)	2,61,049.58	1,00,778

HINDUSTAN URVARAK & RASAYAN LTD.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 33: ADDITIONAL INFORMATION

33.1 Accounting for Leases

Inter-Ministerial Committee (IMC) constituted by Government of India with the approval of Union Cabinet had approved allotment of land at all the 3 project locations on a nominal lease rent for a period of 55 years. On receipt of final approval from the Union Cabinet by Department of Fertilizers the land agreement and concession agreement have been signed on Gorakhpur, Sindri and Barauni Site. Lease deed for land in respect of Gorakhpur, Sindri and Barauni site was registered on 08th May, 2019, 29th August, 2019 and 4th November, 2019 respectively. Accordingly, right of use for land and other usable assets at three sites was recognised for the first time during the year 2019-20 with corresponding lease liabilities shown under Financial Liabilities and Other Equity/Equity and will continue till lease period.

In addition to above, the Company has lease agreement with Neyveli Lignite Corporation originally for a lease term of five years further extended for two years which is going to be completed on December 2023 and Oil & Natural Gas Corporation Limited for Corporate Office premises at Scope Minar, Laxmi Nagar New Delhi for a lease term of five years which is going to be completed on August 2023. Right of use for the office premises on lease is recognised with corresponding lease liabilities.

The impact of recognition in line with Ind AS 116 (Leases) is shown in Right of Use Assets, Lease Liabilities, Finance Cost, Amortisation Expense, Deferred Income and Deferred Income-Liability.

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	Amount (₹ in Lakhs)
Less than one year	225.35
One to five years	15
More than five years	130.4
Total	**370.75**

33.2 Related Party Disclosures

Related Party Information

S. No.	Name of the related party	Description of relationship
1	Coal India Limited	Promoter Venturers
2	NTPC Limited	
3	Indian Oil Corporation Limited	
4	Hindustan Fertilizer Corporation Limited	
5	Fertilizer Corporation of India Limited	
6	Rashtriya Chemicals & Fertilizers Limited	Others
7	Brahmaputra Valley Fertilizer Corporation Limited	
8	**Key Management Personnel**	
	Mr. Siba Prasad Mohanty (S.P. Mohanty)	Managing Director (MD) w.e.f. 15.03.2023
	Mr. Shriniwas Chandrashekhar Mudgerikar (S.C. Mudgerikar)	Managing Director (MD) w.e.f. 25.05.2022 to 14.03.2023
	Mr. Arun Kumar Gupta (A.K. Gupta)	Managing Director (MD) w.e.f. 01.08.2017 to 24.05.2022
	Mr. Kalyan Prasad Gupta (K.P. Gupta)	Company Secretary (CS) w.e.f. 30.11.2018
	Mr. Anurag Shukla	Chief Financial Officer (CFO) w.e.f. 28.09.2022
	Mr. Brijesh Kumar Garg (B.K. Garg)	Chief Financial Officer (CFO) w.e.f. 25.05.2021 to 31.07.2022

HINDUSTAN URVARAK & RASAYAN LTD.

9	**Independent Directors**	
	Mr. CMT Britto	w.e.f. 26.04.2018 to 25.04.2022

Transactions with Related Parties

(₹ in Lakhs)

S. No.	Name of the related party	For the year ended 31.03.2023	For the year ended 31.03.2022
1	**Deputation Cost**		
	NTPC Limited	885.10	1,335.28
	Coal India Limited	388.70	328.07
	Indian Oil Corporation Limited	785.65	773.35
2	**Others**		
	Indian Oil Corporation Limited		
	-Purchase of Fuel/Natural Gas	48901.37	33.3
	Rashtriya Chemicals & Fertilizers Limited		
	- Rent	22.25	-
	Fertilizer Corporation of India Limited		
	- Rent	497.27	-
	Hindustan Fertilizer Corporation Limited		
	- Rent	1.00	-
	Brahmaputra Valley Fertilizer Corporation Limited	-	-

Outstanding Balance Receivable/(Payable)

(₹ in Lakhs)

S. No.	Name of the related party	As at 31.03.2023	As at 31.03.2022
1	**Promoter Venturers**		
i.	NTPC Limited	(25.77)	(286.27)
ii.	Coal India Limited	0	1.19
iii.	Indian Oil Corporation Limited	(17461.73)	4.31
iv.	Hindustan Fertilizer Corporation Limited	0.03	(1.16)
v.	Fertilizer Corporation of India Limited	494.27	-
2	**Others**		
i.	Rashtriya Chemicals & Fertilizers Limited	6.36	-

Apart from above, lease liabilities are recognised during the year against right of use of land and other usable assets (Note 33.1). The balance of lease liabilities as on 31.03.2023 towards Promoter Venturers is as follows:

	Lease Liabilities (Present value of lease rent) (₹ in Lakhs)	Value of Shares to be issued against Right of use of Land and other Usable Assets
FCIL (for Gorakhpur and Sindri)	23.85	33,000.00
HFCL (for Barauni)	11.95	165,00.00

HINDUSTAN URVARAK & RASAYAN LTD.

Remuneration of Key Managerial Personnel

(₹ in Lakhs)

S. No.	Name of the related party	For the year ended 31.03.2023	For the year ended 31.03.2022
1	**Salary and Other Benefits**		
	Mr. A. K. Gupta, MD	16.82	71.13
	Mr. K.P. Gupta, CS	48.30	40.67
2	**Deputation Cost**		
	Mr. Anurag Shukla, CFO	46.13	-
	Mr. B.K. Garg, CFO	26.22	71.98
3	**Sitting Fees**		
	Mr. CMT Britto	-	3.4
	Ms. Veena Swarup	-	0.8

33.3 Earnings Per Share

S. No.	Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
i.	Net profit after tax attributable to Equity Shareholders (₹ in Lakhs)	(6,104.19)	(1,984.09)
ii.	Weighted Average no. of Equity Shares Outstanding as on reporting date	5,95,04,97,918	4,11,83,91,342
iii.	Basic and Diluted Earnings per Share in Rupees (Face value ₹10/- per share)	(0.10)	(0.05)

33.4 Disclosures for Employee Benefits as per Actuary's Certificate

The disclosures as per actuary's certificate for employee benefits for Gratuity, Earned Leaves and Sick Leaves (unfunded) are given below:

ACTUARIAL VALUATION OF EMPLOYEE BENEFITS AS AT 31.03.2023 CERTIFICATES AS PER IND AS 19

(₹ in Lakhs)

(a) Table Showing Changes in Present Value of Obligations:

Period	Gratuity	Earned Leaves	Sick Leaves
Present value of the obligation at the end of the period	290.29	404.92	212.71

HINDUSTAN URVARAK & RASAYAN LTD.

(b) Key results (The amount to be recognized in the Balance Sheet):

(₹ in Lakhs)

Period	**Gratuity**	**Earned Leaves**	**Sick Leaves**
Present value of the obligation at the beginning of the period	141.40	211.98	160.53
Interest Cost	10.25	15.37	11.64
Current Service Cost	131.60	185.43	97.23
Benefits paid	(16.32)	(21.79)	-
Actuarial (gain)/loss	23.36	13.93	(56.69)
Present value of the obligation at the end of the period	290.29	404.92	212.71
Fair value of plan assets at end of period	-	-	-
Funded Status - Surplus/ (Deficit)	(290.29)	(404.92)	(212.71)

(c) Summary of membership data at the date of valuation and statistics based thereon:

Period	**Gratuity**	**Earned Leaves**	**Sick Leaves**
Number of employees	838	844	844
Total monthly salary (₹ in Lakhs)	323.67	329.66	824.16
Average Past Service (Years)	1.6	1.6	1.6
Average Future Service (Years)	27.7	27.6	27.6
Average Age (Years)	32.3	32.4	32.4
Total Leave With Cap/Without Cap (No.s)	-	30268/30268	6662/6662
Total CTC for Availment/ Rate	-	824.16/ 3%	-
Weighted average duration (based on discounted cash flows) in years	21	21	-
Average monthly salary	0.39	0.39	0.98
Encashable		75%	-
Non- Encashable		25%	100%
Expected Future Service taking into account Decrements (Years)	15		

HINDUSTAN URVARAK & RASAYAN LTD.

(d) Actuarial assumptions selected by the company and employed for the calculations are tabulated:

Discount rate	7.50 % per annum
Salary Growth Rate	5.00 % per annum
Mortality	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a.

(e) Benefits valued:

Normal Retirement Age	60 Years
Salary	Last drawn qualifying salary
Earned Leave Benefits on Normal Retirement	1/30 * Salary * Number of leaves.
Gratuity Benefits on Normal Retirement	15/26 * Salary * Past Service (yr)
Sick Leave Benefits	NIL (Non-Encashable)
Vesting Period for Gratuity	NIL
Benefit on early exit	As above for Leaves
Benefit on death	As above (Sick Leaves- during service only)
Gratuity Limit (₹ in Lakhs)	20

(f) Current Liability (Expected pay-out in next year as per schedule III of the Companies Act, 2013):

(₹ in Lakhs)

Period	**Gratuity**	**Earned Leaves**	**Sick Leaves**
Current Liability (Short Term)	30.54	51.42	28.33
Non-Current Liability (Long Term)	259.75	353.50	184.37
Total Liability	290.29	404.92	212.70

(g) Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

HINDUSTAN URVARAK & RASAYAN LTD.

Period	Gratuity	Leaves	Sick Leaves
Defined Benefit Obligation (Base)	290.29 @ Salary Increase Rate : 5%, and discount rate :7.25%	404.92	212.7
Liability with x% increase in Discount Rate	263.48; x=1.00% [Change (9)%]	368.44; x=1.00% [Change (9)%]	193.77; x=1.00% [Change (9)%]
Liability with x% decrease in Discount Rate	322.16; x=1.00% [Change 11%]	448.30; x=1.00% [Change 11%]	235.27; x=1.00% [Change 11%]
Liability with x% increase in Salary Growth Rate	322.65; x=1.00% [Change 11%]	448.96; x=1.00% [Change 11%]	235.62; x=1.00% [Change 11%]
Liability with x% decrease in Salary Growth Rate	262.65; x=1.00% [Change (10)%]	367.31; x=1.00% [Change (9)%]	193.19; x=1.00% [Change (9)%]
Liability with x% increase in Withdrawal Rate	297.49; x=1.00% [Change 2%]	414.73; x=1.00% [Change 2%]	217.90; x=1.00% [Change 2%]
Liability with x% decrease in Withdrawal Rate	282.05; x=1.00% [Change (3)%]	393.69; x=1.00% [Change (3)%]	206.74; x=1.00% [Change (3)%]

ACTUARIAL VALUATION OF EMPLOYEE BENEFITS AS AT 31.03.2022 CERTIFICATES AS PER IND AS 19

(₹ in Lakhs)

(a) Table Showing Changes in Present Value of Obligations:

Period	Gratuity	Earned Leaves	Sick Leaves
Present value of the obligation at the end of the period	141.41	114.81	86.82

(b) Key results (The amount to be recognized in the Balance Sheet):

(₹ in Lakhs)

Period	Gratuity	Earned Leaves	Sick Leaves
Present value of the obligation at the beginning of the period	66.19	114.81	86.82
Interest Cost	4.8	8.32	6.29
Current Service Cost	75.11	112.2	76.60
Benefits paid	(0.42)	(7.63)	-

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Actuarial (gain)/loss	(4.27)	(15.72)	(9.18)
Present value of the obligation at the end of the period	141.41	211.98	160.53
Fair value of plan assets at end of period	-	-	-
Funded Status - Surplus/ (Deficit)	(141.41)	(211.98)	(160.53)

(c) Summary of membership data at the date of valuation and statistics based thereon:

Period	Gratuity	Earned Leaves	Sick Leaves
Number of employees	645	654	654
Total monthly salary (₹ in Lakhs)	246.12	254.42	637.38
Average Past Service (Years)	1	1	1
Average Future Service (Years)	27.60	27.30	27.30
Average Age (Years)	32.40	32.70	32.70
Total Leave With Cap/Without Cap (No.s)	-	15406/15406	4585/4585
Total CTC for Availment/ Rate	-	637.38/ 3%	-
Weighted average duration (based on discounted cash flows) in years	22	20	-
Average monthly salary	0.38	0.39	0.98
Encashable		75%	-
Non- Encashable		25%	100%

(d) Actuarial assumptions selected by the company and employed for the calculations are tabulated:

Discount rate	7.25 % per annum
Salary Growth Rate	5.00 % per annum
Mortality	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a.

(e) Benefits valued:

Normal Retirement Age	60 Years
Salary	Last drawn qualifying salary
Earned Leave Benefits on Normal Retirement	1/30 * Salary * Number of leaves.
Gratuity Benefits on Normal Retirement	15/26 * Salary * Past Service (yr)

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Sick Leave Benefits	NIL (Non-Encashable)
Vesting Period for Gratuity	NIL
Benefit on early exit	As above for Leaves
Benefit on death	As above (Sick Leaves- during service only)
Gratuity Limit (₹ in Lakhs)	20

(f) Current Liability (Expected pay-out in next year as per schedule III of the Companies Act, 2013):

(₹ in Lakhs)

Period	Gratuity	Earned Leaves	Sick Leaves
Current Liability (Short Term)	9.50	26.95	20.88
Non-Current Liability (Long Term)	131.91	185.03	139.66
Total Liability	141.41	211.98	160.54

(g) Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	Gratuity	Leaves	Sick Leaves
Defined Benefit Obligation (Base)	141.41 @ Salary Increase Rate : 5%, and discount rate :7.25%	211.98	160.53
Liability with x% increase in Discount Rate	127.93; x=1.00% [Change (10)%]	193.22; x=1.00% [Change (9)%]	146.51; x=1.00% [Change (9)%]
Liability with x% decrease in Discount Rate	157.47; x=1.00% [Change 11%]	233.33; x=1.00% [Change 11%]	177.21; x=1.00% [Change 10%]
Liability with x% increase in Salary Growth Rate	157.68; x=1.00% [Change 12%]	233.62; x=1.00% [Change 11%]	177.43; x=1.00% [Change 11%]
Liability with x% decrease in Salary Growth Rate	127.55; x=1.00% [Change (10)%]	192.68; x=1.00% [Change (9)%]	146.11; x=1.00% [Change (9)%]
Liability with x% increase in Withdrawal Rate	144.66; x=1.00% [Change 2%]	216.49; x=1.00% [Change 2%]	163.86; x=1.00% [Change 2%]
Liability with x% decrease in Withdrawal Rate	137.67; x=1.00% [Change (3)%]	206.81; x=1.00% [Change (2)%]	156.72; x=1.00% [Change (2)%]

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33.5 Information in respect of micro and small enterprises reported as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):

(₹ in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Amount remained unpaid (Trade Payables & Capital Goods)		
a) Principal amount (Note-18 & 19)	1656.67	150.26
b) Interest due thereon	-	-
Total interest paid on all delayed payments during the year under the provisions of the Act	-	-
The amount of interest due and payable for the period (Where the principal has been paid but interest under the MSMED Act, 2006 not paid);	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year;	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act 2006.	-	-

Note: The above information has been disclosed in respect of parties which have been identified on the basis of the information available with the Company.

33.6 Disclosures related to impact due to COVID-19

Date of Commencement of Commercial Operations has been extended primarily due to Covid-19 pandemic and consequent lockdown in India and other Countries. As a result, project construction activities were impacted. This resulted in cost-overrun, time-overrun and extension of scheduled commercial operation of all three projects.

Further, LSTK agencies have raised claims on account of additional cost due to Covid-19 amounting ₹ 1,27,471.32 lakhs which are included under contingent liabilities.

33.7 Unit wise revised Project Cost and revised COD

The approved revised project cost is tabulated below:

Name of Project	Original Cost (₹ in Lakhs) (in year 2017)	Revised Estimated cost (₹ in Lakhs) (in year 2021)	Further Revised cost (₹ in Lakhs) (in year 2023) *
Gorakhpur	7,08,577	8,60,271	9,44,320
Sindri	6,97,701	8,13,009	8,93,925
Barauni	7,04,326	8,38,799	9,51,215
Total	**21,10,604**	**25,12,079**	**27,89,460**

*** Project Cost got revised in 61st Board Meeting held on 11.04.2023**

COD for the Gorakhpur Plant has been declared on 03rd May 2022
COD for the Sindri Plant has been declared on 15th April 2023.
COD for the Barauni Plant has been declared on 30th April 2023.

There is no major impact on the ability of the Company as a going concern.

Commitments & Contingent Liabilities & Pending Litigations:

a) Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31.03.2023 is ₹ 2,93,354 Lakhs (PY 1,99,543 Lakhs).

b) Contingent Liabilities: Claims against the company not acknowledged as debt ₹ 1,47,544.79 lakhs (PY ₹ 1,41,201.93 lakhs).

LSTK agencies have raised claims of Rs 36241.44 lakhs for Gorakhpur, Rs 45678.99 lakhs for Sindri and 46353.09 lakhs for Barauni Project, amounting to total Rs 1,28,273.52 lakhs for all three projects. The said claims have been made towards additional costs impact on account of COVID 19 and change in legislation/work events which has been refuted by the Company.

Balance amount of contingent liabilities includes claims raised by the Non-LSTK agencies amounting ₹ 11,821.32 lakhs and demand from Government authorities amounting ₹ 7,449.95 lakhs

c) Pending Litigations:

Name of Vendor	PO No/ LOI Reference No.	Case Status	Contingent Amount
M/s S.B Protech Pvt. Ltd	PNPM/EM250/E/G-202/LOI Date:10.12.2018	Case is in Arbitration, agency submitted the cliams to Arbitrator apointed by Hon'ble High court.	₹ 19,51,14,484
M/S DPS	PNPM/50001/E/102 Dated03/10/2017	Agency had filled the petition in Hon'ble High Court,Delhi (Case No-ARB.P.No. 152/2023).	₹ 26,46,53,271
		Total	**₹ 45,97,67,755**

Note : The above amount has already been included in contingent liabilities.

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33.8 Expenditure in Foreign Currency

(₹ in Lakhs)

Unit	For the year ended 31.03.2023	For the year ended 31.03.2022
CAPEX Expenditure (in USD, EUR and JPY)	16,375.22	65,104.90
O&M Expenditure (in EUR)	122.10	-

33.9 Expenses charged to Statement of Profit and Loss

Remuneration of MD, MD secretariat, CS, CFO/Head (Finance), Head HR, Head Marketing, Expenses of Corporate Office and Marketing Activities which are not directly attributable to Projects have been charged to the Statement of Profit and Loss.

The expenses related to the Corporate office other than those charged to P&L are equally apportioned and transferred to expenditure during construction of three projects.

Expenditure and Income of Gorakhpur Plant has been charged to Profit & Loss account w.e.f 03.05.2022 upon declaration of Commercial Operations.

33.10 Enterprise Social Commitment/_Corporate Environment Responsibility (ESC/ CER)

In FY 2020-21, the provision for ESC/CER @ 2.5% of Project Cost was initially recognised amounting to ₹ 52,615 lakhs excluding ₹ 150 lakhs expense which was already incurred in FY 2019-20. Additional provision of ₹ 6594 lakhs is recognised in current year on account of revision in approved project cost. The expenditure incurred in current year is adjusted from this provision. In FY 2022-23, total expenditure of ₹ 763.32 lakh has been incurred (Note- 20).

In 61st Board Meeting held on 11.04.2023 in which project cost was revised from ₹ 2512079 lakhs to ₹ 2789460 lakhs, therefore additional provision of ₹ 6934.52 will be provided in FY 2023-24.

33.11 Previous period's figures have been rearranged, realigned, reworked and reclassified wherever considered necessary.

33.12 Trade Payables ageing schedule as at 31st March, 2023

(₹ in Lakhs)

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	913.88	-	-	-	913.88
(ii) Others	-	-	54750.96	63.35	3.23	-	54817.54
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total			**55664.84**	**63.35**	**3.23**	**-**	**55731.42**

33.13 Additional Regulatory Information:

i) The Company does not hold any Immovable Property of which Title deeds are not held in name of the Company as at 31 March 2023.

ia) UP Government has allocated land measuring 20 acres in the district of Gorakhpur for the period of 30 years for setting up of state of art skill development centre, take over and conveyancing of title of which is pending.

ib) Leave & License agreement has been entered with RCF on 25th July 2022 for a period of 3 years for use of office premises admeasuring about 3533 sq. ft. on 2nd floor, TC/10V, Vibhuti Khand, Gomti Nagar, Lucknow- 226010.

ii) The company does not hold any Investment Property in its books of accounts, so fair valuation of investment property is not applicable.

iii) During the year the company has not revalued any of its Property, Plant and equipment.

iv) During the year, the company has not revalued any of its Intangible assets.

v) The company has not granted any loans or advances to promoters, directors, KMP's and the related parties that are repayable on demand or without specifying any terms or period of repayment.

vi) (a) Capital-Work-in Progress (CWIP) - Ageing Schedule as at 31 March 2023

(₹ in Lakhs)

Capital-Work-in Progress (CWIP)	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	6,065.79	4,21,717.81	7,78,917.09	2,97,534.53	15,04,235.22
Projects temporarily suspended		-	-		-

vi) (b) Capital-Work-in Progress (CWIP) - Completion schedule for projects overdue or cost overruns as compared to original plan as on 31 March 2023

(₹ in Lakhs)

Capital-Work-in Progress (CWIP)	To be completed in				Total.
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
	Upto 31 March 2024	1 April 2024 to 31 March 2025	1 April 2025 to 31 March 2026	Beyond 1 April 2026	
Gorakhpur	21,069.58				21,069.58
Sindri	7,65,466.16				7,65,466.16
Barauni	7,17,699.48				7,17,699.48

vii) The Company does not have any intangible assets under development as on date.

viii) No proceedings have been initiated or pending against the company under the Benami Transactions (Prohibition) Act,1988.

ix) The quarterly returns / statement of current assets filed by the company with banks / financial institutions are in agreement with

x) The company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

xi) GST Input Credits amounting to ₹ 61133 lakhs (PY Nil) pertaining to Gorkhpur Plant has been reversed and capitalised and for barauni & sindri unit the same will be capitalized during captilization of plant.

xii) Pending sale of Urea totalling 2.59 lakh MT through POS device to beneficiaries as on 31.03.2023, subsidy of ₹ 1172.98 crore which has accrued on sale to dealers but shall become due for payment under DBT upon sale through POS device and same has been recognized in the current period.

HINDUSTAN URVARAK & RASAYAN LTD.

xiii) As per the JV Agreement between promoters,equity shares are to be allotted to the promoters M/s FCIL and M/s HFCL in lieu of the land leased by them for setting up the plants.As per the modalities agreed by the promoters,the value of shares to be alotted is to be determined based on the actual expenditure incurred on the respective plants,on the Commercial Operation date,which which shall not be lower than the price of the shares,as determined by an registered valuer.Accordingly, the Company has appointed valuer (in 61st Board Meeting held on 11.04.2023) for the valuation of land of Gorakhpur plant and price of equity shares to be allotted in lieu thereof. Share allotment to FCIL will be done upon submission of their valuation report,as per aforesaid methodology. Shares for Barauni and Sindri plant land will be allotted similarly upon completion of CoD of the plants.Pending finalisation of valuation of the land for the respective plants,the land has been provisionally valued at value estimated in the Feasibility Report.

xiv) Approval for disinvestment of NTPC,CIL & IOCL stake in HURL has been approved by their Board and same has been accorded by Ministry of Power & Ministry of Coal. However, the same is pending for approval with Ministry of Petroleum and Natural Gas (MoPNG) parent ministry of IOCL.

xv) Relationship with Struck off Companies

There are no transactions with respect to struck off companies as mentioned under section 248 of the Companies Act, 2013.

xvi) The company has no cases of any charges or satisfaction yet to be registered with ROC beyond the statutory time limits.

xvii) The provisions of clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 are not applicable to the company as per Section 2(45) of the Companies Act,2013.

xviii) Disclosure of Ratios

Ratio	Numerator	Denominator	FY 2022-23	FY 2021-22	% Variance	Reason for Variance
Current ratio	Current Assets	Current Liabilities	0.55	0.05	1000.00	Improvement in Working capital as one unit of the company came into operational in F.Y. 2022-23.
Debt-equity ratio	Paid-up debt capital (Long term borrowings+Short term borrowings)	Shareholder's Equity (Total Equity)	2.08	2.31	-0.10	Infusion of additional equity by the PromotersWithin approved Debt Equity Ratio of Company
Debt service coverage ratio	Profit for the year+Finance costs+ Depreciation and amortiation expenses+Exceptional items	Finance Costs + lease payments+Scheduled principal repayments of long term borrowings	0.91	0	0	Debt Servicing ratio is related to Gorakhpur Unit only.
Return on equity ratio	Profit for the year	Average Shareholder's Equity	-1.03%	-0.48%	114.58%	Negative because of loss incurred in current FY 2022-23.
Inventory turnover ratio	Revenue from operations	Average Inventory	76.85	0	0	Inventory Turnover Ratio mainly due to inventory maintained in current FY 2022-23.
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	1.83	0	0	Trade Receivable Turnover ratio due to average trade receivable and sales value.
Trade payables turnover rat	Total Purchases (Fuel Cost + Other Expenses+Closing Inventory-Opening Inventory)	Closing Trade Payables	5.05	NA	NA	Trade Payable Turnover Ratio due to purchases.
Net capital turnover ratio	Revenue from operations	Working Capital+current maturities of long term borrowings	3.00	NA	NA	Net Capital Turnover Ratio due to sales.
Net profit ratio	Profit for the year	Revenue from operations	-0.01	NA	NA	Negative because of loss incurred in current FY 2022-23
Return on capital employed	Earning before interest and taxes	Capital Employed[i]	1.38%	-0.11%	11.55%	Improved because improvement in EBIT
Return on investment Investments in subsidiary and joint venture companies				NA	NA	Company has no JV or Subsidiary where funds are invested
Return on investment Investments in others				NA	NA	Company has only temporary parking of funds as investment in mutual funds

HINDUSTAN URVARAK & RASAYAN LTD.

(i) Capital Employed= Tangible Net Worth + Total Debt + Deferred Tax Liabilities

xix) The company has not provided nor taken any loan or advance to/from any other person or entity with the understanding that benefit of the transaction will go to a third party, the ultimate beneficiary.

xx) Barauni and Sindri projects of the company are under construction phase as on 31.03.2023, Gorakhpur project of the company has been declared commercially operational on 03rd May 2022, but due to non-availability of profits in current year/previous year, CSR provision is not applicable.
Sindri and Barauni projects have achieved commercial operation commencement w.e.f. 15.04.2023 and 30.04.2023 respectively.

On behalf of the Board of Directors

(Debasish Nanda) **Chairman** **DIN-09015566**	**(Subhajit Sarkar)** **Director** **DIN-09706305**	**(Renu Narang)** **Director** **DIN- 08070565**
(S.P. Mohanty) **MD** **DIN- 05336787**	**(K.P. Gupta)** **CS**	**(Anurag Shukla)** **CFO**

As per our report annexed
For L. N. Chaudhary & Co
Chartered Accountants
FRN 001150N

(CA Bhanwar Lal Singal)
Partner
Membership No. 099590
UDIN : 23099590BGYHGF8348
Date : 15.05.2023
Place : Delhi

L. N. Chaudhary & Co. DELHI Chartered Accountants

सत्यमेव जयते

आज़ादी का अमृत महोत्सव

कार्यालय महानिदेशक लेखापरीक्षा
(कृषि, खाद्य एवं जल संसाधन), नई दिल्ली
Office of the Director General of Audit
(Agriculture, Food & Water Resources), New Delhi

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

गोपनीय

रिपोर्ट/2-160/डी.जी.ए./(ए.एफ.&डब्ल्यू.आर)/Acts/HURL/2023-24/ 3462

दिनांक :- 20/09/2023

सेवा में,

प्रबन्ध निदेशक,
हिन्दुस्तान उर्वरक एवं रसायन लिमिटेड,
कोर -4, 9वीं मंजिल, स्कोप मीनार,
लक्ष्मी नगर जिला केंद्र,
दिल्ली-110092.

विषय: भारत के नियन्त्रक एवं महालेखापरीक्षक द्वारा कम्पनी अधिनियम 2013 के अनुच्छेद 143(6)(b) के अंतर्गत हिन्दुस्तान उर्वरक एवं रसायन लिमिटेड के 31 मार्च 2023 को समाप्त वर्ष के वितीय खातों पर टिप्पणियाँ ।

महोदय,

इस पत्र के साथ कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत हिन्दुस्तान उर्वरक एवं रसायन लिमिटेड के 31 मार्च 2023 को समाप्त वर्ष के वितीय खातों पर टिप्पणियाँ भेजी जा रही है।

कृपया इस पत्र की पावती भेजने की कृपा करें।

भवदीया,

संलग्न: यथोपरी

गुरवीन

(गुरवीन सिदधू)
महानिदेशक लेखापरीक्षा (कृषि, खाद्य एंव जल संसाधन)

आठवाँ व नवाँ तल, सी.ए.जी. संकाय भवन, 10 बहादुर शाह ज़फर मार्ग, नई दिल्ली-110002
8th & 9th Floor, CAG Annexe Building, 10 Bahadur Shah Zafar Marg, New Delhi - 110002
दूरभाष/Phone: 011-23239419/20, फैक्स/Fax : 011-23239416
E-mail pdaafwr@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN URVARAK & RASAYAN LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of **Hindustan Urvarak & Rasayan Limited** for the year ended 31 March 2023 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 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 them vide their Revised Audit Report dated 11 July 2023 which supersedes their earlier Audit Report dated 15 May 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Hindustan Urvarak & Rasayan Limited** for the year ended 31 March 2023 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.

A. Comments on Financial Position

Balance Sheet

Liabilities

A.1 Provisions Non-current (Note 20) – Rs. 589.78 crore

As per specific condition of the environmental clearance given for all the three projects of the Company[1], at least 2.5 *per cent* of the total cost of the project shall be earmarked towards the Enterprise Social Commitment (ESC), the implementation of which shall be ensured in a time bound manner within five year.

The Board of Directors in its 61st Board Meeting held on 11.04.2023 approved the revised cost of the projects to Rs. 27894.60 crore from Rs. 25120.79 crore. Thus, the total provision of Rs. 697.36 crore was required to be made by the Company against which total provision stood at Rs. 581.81 crore as on 31 March 2023.

[1] At Sindri (August 2017), Barauni (August 2017) and Gorakhpur (July 2017)

This has resulted in understatement of provisions and Capital Work in Progress (As it has to be capitalised under Expenditure during construction period) both by Rs. 103.77 crore[2].

Assets

A.2 Deferred Tax Assets (net) (Note 21) Rs. 30.35 crore

As per approval accorded in 53rd Board meeting held on 28.04.2022, an immediate and interim relief was given to all the employees of HURL including Fixed Term Contract, an ad-hoc increase of 15 *per cent* on the basic pay *w.e.f.* 1.01.2022. HURL created the provision for Salary revision and the amount paid to employee is treated as advances to employees as increased salary is pending to be approved by the competent authority.

In respect of Gorakhpur unit, provision of Rs. 4.15 crore created against this but the same was not considered while working out the deferred tax asset although the interim relief to the employees is an example of temporary difference and there is a timing difference item which qualifies for the creation of DTA as per IND AS 12.

This has resulted in understatement of Deferred Tax Assets and overstatement of loss both by Rs. 1.04 crore.

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

Place: New Delhi
Date: 20.09.2023

(Gurveen Sidhu)
Director General of Audit
(Agriculture, Food & Water Resources)

[2] Rs. 697.36 crore *minus* expenditure incurred Rs. 11.78 crore *minus* provision already made (Rs. 581.81 crore)

HURL Management reply on Final Comments of CAG on Financial Position of FY 2022-23

Sl. No.	Comments on Financial Position	Management Comments
Balance Sheet as at 31.03.2023 **Liabilities** **A.1 Provisions Non-Current (Note 20)- Rs 589.78 Crore**	As per specific condition of the environmental clearance given for all the three projects of the company, at least 2.5% of the total cost of the project shall be earmarked towards the Enterprise Social Commitment (ESC). The implementation of which shall be insured in a time bound manner within five years. The board of Directors in its 61st Board meeting held on 11.04.2023 approved the revised cost of the projects to Rs 27894.60 crore from Rs 25120.79 crore. Thus, the total provision of Rs 697.36 Crore was required to be made by the company against which the total provision stood at Rs 581.81 crore as on 31 March 2023. This has resulted in understatement of provisions and capital work in progress (As it has to be capitalised under Expenditure during construction period) both by Rs 103.77 Crore.	The cost overrun of HURL which includes ESC expenses is required to be approved by Boards of promoter companies after review, for taking decision to fund the same and till such time, the final promoter approval is communicated to HURL the cost overrun remains provisional figure only subject to approval from promoters. Hence, additional ESC provision has not been created in the Financial Statements of FY 2022-23. As a matter of prudence, the same has been adequately disclosed in notes to accounts for information of users of financial statements. Additional ESC provision as observed in CAG comments shall be accounted for in the accounts of FY 2023-24, upon approval by the promoters.
Balance Sheet as at 31.03.2023 **Assets** **A.2 Deferred Tax Assets (net) (Note 21) Rs. 30.35 Crore**	As per approval accorded in 53rd Board meeting held on 28.04.2022, an immediate and interim relief was given to all the employees of HURL including Fixed term contract, an ad-hoc increase of 15 *per cent* on the basic pay *w.e.f* 01.01.2022. HURL created the provision for salary revision and the amount paid to employee is treated as advances to employee as increased salary is pending to be approved by the competent authority. In respect of Gorakhpur unit, provision of Rs 4.15 crore created against this but the same was not considered while working out the deferred tax asset although the interim relief to the employees is an example of temporary difference and there is a timing difference item which qualifies for the creation of DTA as per IND AS 12. This has resulted in understatement of Deferred Tax Assets and overstatement of loss both by Rs 1.04 Crore.	It is humbly submitted that immediate and interim relief of 15% of salary of employees was approved by Board subject to regularization in future. This amount has been treated as advance to employees and the same is recoverable/adjustable against future payments to employees in line with Board Minutes. Provision of salary expenses for the advances paid has been created on the basis of principle of Matching and Conservatism. It is also submitted that the provision is purely ad-hoc in nature and the same is neither allowable nor meant for claiming income tax deduction. However, Audit is assured that the impact of provision on calculation of Deferred Tax Asset in line with the comments of the Audit will be incorporated in the Financial Statements of FY 2023-24.

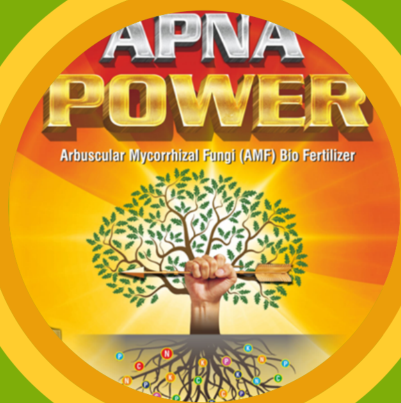
Sd/-
(Anurag Shukla)
Chief Financial Officer

Sd/-
(S.P. Mohanty)
Managing Director
[DIN:05336787]

Sd/-
(Debasish Nanda)
Chairman
[DIN:09015566]

Date: 21.09.2023
Place: New Delhi

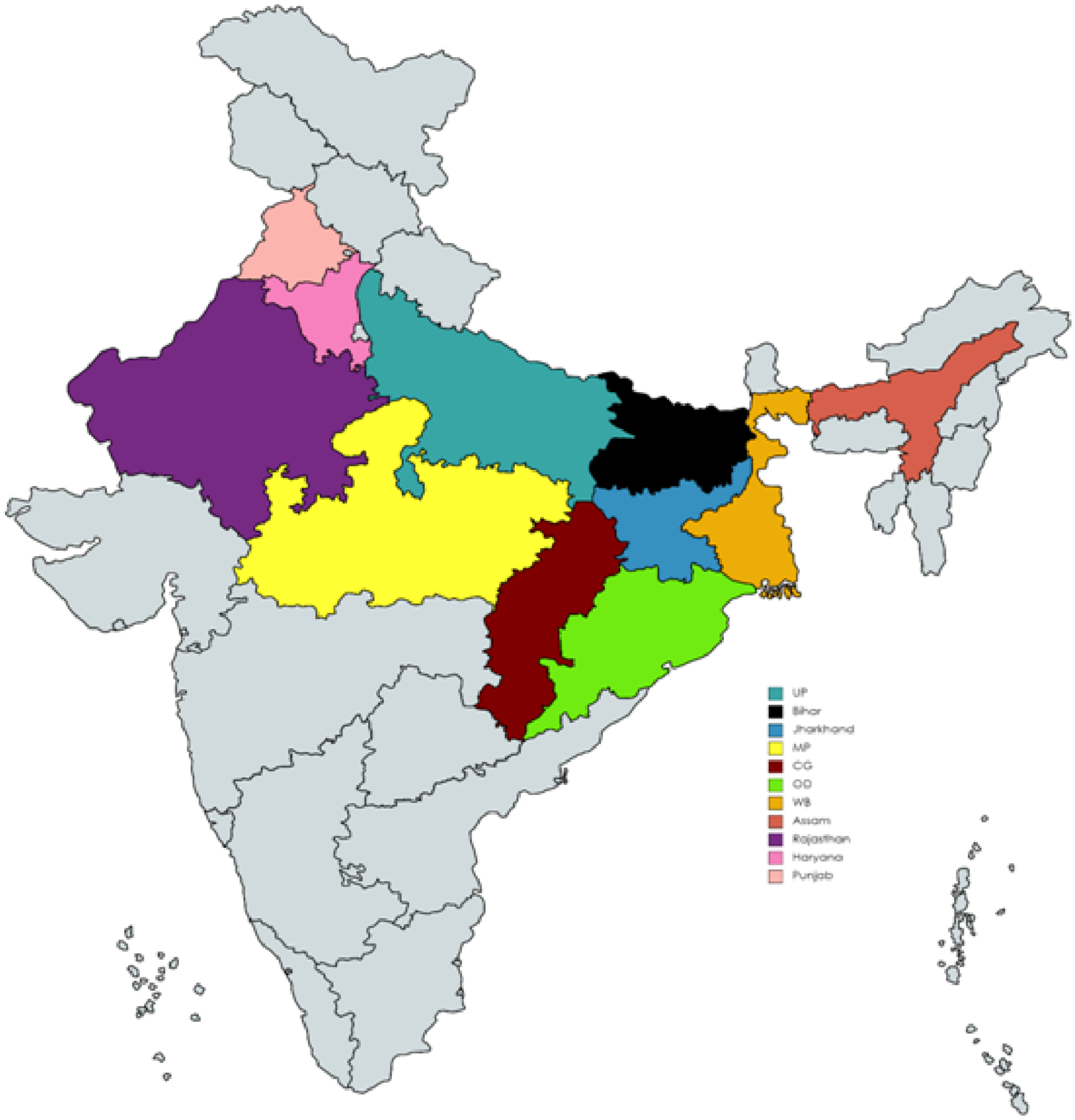
Jeep Campaigns



Launch of Apna Power

Launch of Bharat Urea

Apna Samwad



HINDUSTAN URVARAK & RASAYAN LIMITED
(HURL)
CIN: U24100DL2016PLC358399

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