

Annual Report 2017-18



**KANPUR FERTILIZERS
& CEMENT LIMITED**

JAYPEE
GROUP
NO DREAM TOO BIG

Board of Directors

Manoj Gaur, Chairman

A.K. Jain, Vice Chairman & CEO

Sunny Gaur

S.D.M Nagpal

R.K. Pandey

Sunil Joshi

S.D. Nailwal

S.C.K. Patne

K.C. Ganjwal

Sunita Joshi

Gaurav Jain, Whole-time Director

Bankers/ Lenders

State Bank of India

ICICI Bank Limited

India Infrastructure Finance Company Limited

Yes Bank Limited

Srei Equipment Finance Limited

Registered Office

CIN:U24233UP2010PLC040828

Sector 128, Noida 201 304 (U.P.)

Tel.: +91 120 4609000; Fax: +91 120 4963122

Website : www.jalindia.com

Company Secretary

Suman Lata

Statutory Auditors

M/s Ravi Rajan & Co.,

Chartered Accountants, New Delhi

Internal Auditors

M/s. M.S. Pothal & Associates,

New Delhi

Cost Auditors

M/s Kabra & Associates,

Cost Accountants, New Delhi

Secretarial Auditors

M/s. SGS Associates,

Company Secretaries, New Delhi

Registrar & Transfer Agents

Alankit Assignments Limited,

Alankit House, 2E/21,

Jhandewalan Extn., New Delhi 110 055

Tel: 91-11-42541234, 23541234

Fax : 91-11-23552001

E-mail:info@alankit.com,

Website: alankit.com

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NOTICE

Notice is hereby given that the **8th Annual General Meeting** of the Members of **KANPUR FERTILIZERS & CEMENT LIMITED** will be held on **Thursday, the 30th August, 2018, at 12.00 Noon at the Registered office, at Sector-128, Noida- 201304 (U.P.)** to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2018 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri Manoj Gaur (DIN: 00008480)**, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Shri Sunny Gaur (DIN: 00008293)**, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Ms. Sunita Joshi (DIN: 00025720)**, who retires by rotation and, being eligible, offers herself for re-appointment.
5. Ratification of appointment of Statutory Auditors and fixing their remuneration

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at their Sixth Annual General Meeting (AGM) of the Company held on 30th September, 2016, the appointment of **M/s. Ravi Rajan & Co., Chartered Accountants, New Delhi (Firm Regn. No. 009073N)** as the Statutory Auditors of the Company, to hold office till the conclusion of the next AGM of the Company, be and is hereby ratified and the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the Financial Year ended 31st March, 2019."

SPECIAL BUSINESS :

6. **RATIFICATION OF THE REMUNERATION OF COST AUDITORS**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder as amended from time to time, the remuneration payable to **M/s. Kabra & Associates, Cost Accountants, New Delhi (Firm Regn. No. 000075)** appointed by the Board of Directors, to conduct the audit of the cost records of the Company, for the Financial Year ending on 31st March, 2019, as set out in the statement annexed to the Notice convening this Meeting be and is hereby ratified."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. **APPOINTMENT OF SHRI S.D.M. NAGPAL AS DIRECTOR**

To consider and, if thought fit, to pass, with or without

modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 161 and other applicable provisions, if any, of the Companies Act, 2013 **Shri S.D.M. Nagpal (DIN:00131037)** be and is hereby appointed as Director of the Company liable to retire by rotation."

8. **APPOINTMENT OF SHRI R.K. PANDEY AS DIRECTOR**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 161 and other applicable provisions, if any, of the Companies Act, 2013 **Shri R.K. Pandey (DIN:00190017)** be and is hereby appointed as Director of the Company liable to retire by rotation."

9. **RE-APPOINTMENT OF SHRI A.K. JAIN AS WHOLE-TIME DIRECTOR**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 178, 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as amended read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) thereto or re-enactment thereof for the time being in force) and subject to such other approvals, as may be necessary, approval of the members be and is hereby accorded to the re-appointment of **Shri A.K. Jain (DIN:01731920)**, as Whole-time Director to be designated as Vice-Chairman & CEO of the Company for a period of three years w.e.f. 25th May, 2018 to 24th May, 2021, on such terms and conditions including remuneration, as detailed in the Statement annexed hereto, with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as it may at its discretion, deem fit, from time to time provided that the remuneration shall be in accordance to the subsisting provisions of the Companies Act, 2013."

"RESOLVED FURTHER THAT pursuant to Section 197 and all other applicable provisions of the Companies Act, 2013 and subject to such statutory approvals, as may be required, the remuneration as set out in the said Statement be paid as minimum remuneration to Shri A. K. Jain, notwithstanding that in any financial year during the tenure of appointment as Whole-time Director, the Company has made no profits or its profits are inadequate, in accordance with the provisions of the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Regd. Office :
Sector-128,
Gautam Budh Nagar
Noida- 201304, (U.P.)

By Order of the Board of Directors

Place : New Delhi
Date : 5th May, 2018

SUMAN LATA
COMPANY SECRETARY
FCS: 4394

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF THE COMPANY/ BODY CORPORATE ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/ AUTHORITY AS APPLICABLE. A BLANK PROXY FORM IN FORM NO. MGT-11 IS ENCLOSED.

A Person can act as the proxy on behalf of the Members not exceeding 50 (Fifty) and holding in the aggregate, not more than 10% of the total share capital of the Company, carrying voting rights. However, a Member holding more than 10% of the total share capital, carrying voting rights, may appoint a single person as the Proxy and such person shall not act as the proxy for any other person or shareholder.

2. Corporate Member(s) intending to send their respective authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing such representative to attend and vote at the Annual General Meeting.
3. Members/ Proxies/ Authorized Representatives are requested to bring their duly filled in attendance slip and quote their Folio no./ Client ID & DP-ID in all correspondence. A blank Attendance Slip for the meeting is enclosed.
4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Resolution set out under Item Nos. 6-9 is annexed hereto.
5. All relevant documents referred to in the Notice are open for inspection by the members during 11.00 A.M. to 1.00 P.M. at the Registered Office of the Company on all working days, up to the date of the Annual General Meeting.
6. The Register of Members and Share Transfer Books will remain closed from **Friday the 24th August, 2018 to Thursday the 30th August, 2018** (both days inclusive) for the purpose of Annual General Meeting.
7. Members who are holding shares in physical form are requested to notify the change, if any, in their address or bank details to the Company's Registrar and Transfer Agent (RTA) and always quote their folio number in all correspondence with the Company and RTA. Members holding shares in electronic form are requested to notify the change in address or bank details to their respective Depository Participants.
8. Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization which besides others include electronic transfer, savings in stamp duty, prevention of forgery etc.
9. Members can avail of the nomination facility in terms of Section 72 of the Companies Act, 2013, by nominating in Form SH.13, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014, any person to whom their shares shall vest on occurrence of events stated in the said Form. Blank Forms can be supplied on request.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their

Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company or the Company's RTA i.e. Alankit Assignments Ltd.

11. Members or their respective proxies are requested to:
 - (a) Bring copies of the Annual Report sent to the members as copies of the Annual Report and
 - (b) Note that no gifts/ coupons shall be distributed at the Annual General Meeting.
12. Members who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communications including Annual Report, Notice and Circulars etc. from the Company electronically.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned under Item Nos. 6-9 of the accompanying Notice:

Item No. 6

The Board, on the recommendation of the Audit Committee, in its Meeting held on 5th May, 2018, approved the appointment and remuneration of M/s Kabra & Associates (Firm Registration No. 000075), as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2019.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for payment of Audit fees amounting to Rs. 3,00,000 (Rupees Three Lakh only), payable to the Cost Auditors for conducting audit of the Cost Records of the Company for the Financial Year ending 31st March, 2019.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, financially or otherwise, concerned or interested in this Resolution.

The Board recommends the Resolution Set forth at Item No. 6 of the Notice for approval of the members as an Ordinary Resolution.

Item No. 7

Shri S.D.M. Nagpal, aged about 76 years, a Fellow Member of ICWAI, M.A. (Economics) has more than 52 years of experience in the field of finance, accounts and audit, corporate planning, project financing, taxation etc. He was appointed as Director on the Board of the Company w.e.f. 31st December, 2010 as nominee of ISG Traders Limited. He ceased to be the nominee of ISG Traders Limited w.e.f. 26th July, 2017 upon transfer of all shares of Jaypee Uttar Bharat Vikas Private Limited by ISG Traders Limited to Jaypee Fertilizers & Industries Limited w.e.f. 26th July, 2017.

The Board in its meeting held on 23rd December, 2017 appointed him as an Additional Director of the Company w.e.f. 23rd December, 2017 and his term expires at this Annual General Meeting. His appointment as Director liable to retire by rotation requires approval of the members.

Shri S.D.M. Nagpal does not hold any shares (either in his name or in the name of any other persons on a beneficial interest basis) in the Company.

None of the Directors/Key Managerial Personnel and their relatives other than Shri S.D.M. Nagpal is interested in the Resolution.

The Board of Directors commends the Resolution set out at Item No. 7 for the approval of the members as an ordinary Resolution.

Item No. 8

Shri R.K. Pandey, aged about 78 years, a Fellow Member of ICSI, LL.B., M.Com has more than 50 years of experience in the field of Secretarial matters, finance, accounts & audit, corporate planning and capital market. He was appointed as Director on the Board of the Company w.e.f. 31st December, 2010 as nominee of ISG Traders Limited. He ceased to be the nominee of ISG Traders Limited w.e.f. 26th July, 2017 upon transfer of all shares of Jaypee Uttar Bharat Vikas Private Limited by ISG Traders Limited to Jaypee Fertilizers & Industries Limited w.e.f. 26th July, 2017.

The Board in its meeting held on 23rd December, 2017 appointed him as an Additional Director of the Company w.e.f. 23rd December, 2017 and his term expires at this Annual General Meeting. His appointment as Director liable to retire by rotation requires approval of the members.

Shri R.K. Pandey does not hold any shares (either in his name or in the name of any other persons on a beneficial interest basis) in the Company.

None of the Directors/Key Managerial Personnel and their relatives other than Shri R.K. Pandey is interested in the Resolution.

The Board of Directors commends the Resolution set out at Item No. 8 for the approval of the members as an ordinary Resolution.

Item No. 9

Shri A.K. Jain joined the Board of Directors of the Company as Director on 2nd May, 2013 and designated as Vice-Chairman w.e.f. 24th April, 2015. He was appointed as Whole-time Director w.e.f. 25th May, 2015 for a period of 3 years i.e. upto 24th May, 2018 and designated as Vice-Chairman & C.E.O. with effect from the said date. His term was expired on 24th May, 2018 and continuation of his employment as Whole-time Director requires approval of the members.

Shri A.K. Jain, aged about 69 years, B.E. (Chemical) has more than 45 years of experience in the field of Business/Corporate Planning and Development, Marketing, Management and Mine Planning & Development.

Keeping in view his rich and varied experience and his involvement in the day-to-day affairs of the Company, it would be in the interest of the Company to continue the employment of Shri A.K. Jain as Whole-time Director to be designated as Vice-Chairman & C.E.O.

Accordingly, concurring with the recommendations of the Nomination and Remuneration Committee of the Board and subject to the shareholders' approval, the Board of Directors

of the Company in its meeting held on 5th May, 2018 approved the re-appointment of Shri A.K. Jain as Whole-time Director to be designated as Vice-Chairman & C.E.O. of the Company for a period of 3 years w.e.f. 25th May, 2018 to 24th May, 2021 on the following terms and conditions including remuneration:

1. Basic Pay: Rs. 3,57,500/- (Rupees Three Lakh Fifty Seven Thousand Five Hundred only) per month in the pay scale of Rs. 2,75,000 - 27,500 - 4,12,500 - 41,250 - 6,18,750 - 61,875 - 9,28,125 with annual increment on 1st April every year.
2. Perquisites and other benefits:

Besides the above salary, the Whole-time Director shall be entitled to the perquisites which may include accommodation/ HRA, reimbursement of expenses for gas, electricity, water and furnishings, medical reimbursement, LTC, insurance premium, contribution to Provident Fund, superannuation fund or annuity fund, gratuity payable at a rate not exceeding half a month's salary for each completed year of service and leave encashment at the end of the tenure, etc.

Perquisites, save and except the following, would be restricted to an amount equal to the annual salary:

- (i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- (ii) Gratuity payable at the end of the tenure at a rate not exceeding half a month's salary for each completed year of service;
- (iii) Encashment of leave at the end of the tenure as per rules/ policy of the Company."

In the event of absence or inadequacy of profits in any financial year during the tenure of Shri A.K. Jain, the aforesaid remuneration would be paid as the minimum remuneration.

Save and except, Shri A.K. Jain to whom the resolution relates alongwith his relatives, none of the other Directors / Key Managerial Personnel of the Company / their relatives is in anyway, financially or otherwise, concerned or interested in this Resolution.

The Board recommends the Resolution set forth at Item No. 9 of the Notice for approval of the members as an **Ordinary Resolution**.

Regd. Office :
Sector-128,
Gautam Budh Nagar
Noida- 201304, (U.P.)

By Order of the Board of Directors

Place : New Delhi
Date : 5th May, 2018

SUMAN LATA
COMPANY SECRETARY
FCS: 4394

DIRECTORS' REPORT

To,

The Members,

The Directors of your Company are pleased to present the Eighth Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2018.

1. FINANCIAL HIGHLIGHTS

The working results of the Company for the year under Report are as under:

(Rs. in Crores)

	Year ended 31.03.18	Year ended 31.03.17
(A) PROFITABILITY		
1 Gross Total Revenue	2210.69	2188.31
2 Total Expenses	2167.29	2152.70
3 Exceptional/Extra-ordinary Items	-	-
4 Profit before Tax	43.40	35.61
5 Profit after Tax	30.27	24.48
6 Total Comprehensive Income	-0.26	0.33
(B) ASSETS & LIABILITIES		
1 Non Current Assets	972.22	1043.90
2 Current Assets	1178.66	1073.78
3 Total Assets (1 + 2)	2150.88	2117.68
4 Equity Share Capital	231.08	200.58
5 Other Equity	591.67	592.16
6 Non Current Liabilities	385.10	255.42
7 Current Liabilities	943.03	1069.52
8 Total Equity & Liabilities (4+5+6+7)	2150.88	2117.68

2. OPERATIONAL PERFORMANCE

During the year under Report, Urea production of the Company was 7.23 lakh MT. Thus the plant has achieved 100% capacity utilization. Energy consumption has come down to 6.96 GCal per ton of urea from 7.05 GCal per ton of urea as compared to the previous year 2016-17. The Plant showed an improved performance in all other parameters also over the previous year. During the year under Report, there is no change in the nature of business of the Company.

Except as disclosed elsewhere in this Report, no material changes and commitments have occurred after the end of the Financial Year 2017-18, till the date of this Report, which may affect the financial position of the Company.

3. DIVIDEND

In order to conserve resources, the Directors of your Company express their inability to recommend any dividend for the Financial Year ended 31st March, 2018.

4. CHANGES IN SHARE CAPITAL

During the year under Report, there was no change in the Authorized Share Capital of the Company. As on 31st March, 2018 the total Authorized Share Capital of the Company was Rs. 1200,00,00,000 (Rupees Twelve hundred crores) divided into 82,50,00,000 Equity Shares of Rs. 10/- each and 35,00,00,000 Convertible Preference Shares of Rs. 10/- each and 2,50,00,000 Cumulative Redeemable Preference Shares of Rs. 10/- each.

The total Paid-up Share Capital of the Company as on 31st

March, 2018 was Rs. 352,45,72,250/- (Rupees Three hundred fifty two crores forty five lakh seventy two thousand two hundred and fifty) comprising of 23,10,82,225 Equity Shares of Rs. 10/- each and 12,13,75,000 Convertible Preference Shares of Rs. 10/- each.

During the year under Report, 3,05,00,000 Convertible Preference Shares were converted into Equity Shares in terms of the allotment of such Convertible Preference Shares.

During the year under Report, your Company has not issued any shares under the employee stock option schemes, sweat equity shares or any equity shares with differential rights, as to dividend, voting or otherwise. Further, the Company has not bought back its own securities, during the year under Report.

5. TRANSFER OF RESERVE

During the year under Report, your Company has not transferred any amount to General Reserve. Your Company has retained a sum of Rs. 30,26,87,803/- (Rupees Thirty Crore Twenty Six Lakh Eighty Seven Thousand Eight Hundred Three) only in Surplus of Profit & Loss Account and Rs. (25,55,091/-) (Negative Rupees Twenty Five Lakhs Fifty Five Thousand Ninety One Only) in Other Comprehensive Income under the head Reserve and Surplus.

6. SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

The Company does not have any Subsidiary Company within the meaning of Section 2(87) of the Companies Act, 2013, Associate Company within the meaning of Section 2(6) of the Companies Act, 2013 and also does not have any Joint Venture Company.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

- In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Manoj Gaur, Shri Sunny Gaur and Ms. Sunita Joshi, Directors of the Company would retire by rotation at the ensuing Annual General Meeting and being eligible; offer themselves for re-appointment.
- During the current year 2017-18 Shri S.D.M. Nagpal and Shri R.K. Pandey were appointed as Additional Director in terms of Section 161 of the Companies Act, 2013. The proposals for their appointment as Director have been included in the notice of Annual General Meeting.
- Shri A.K. Jain has been appointed as Whole-time Director (designated as Vice-Chairman & CEO) for a period of 3 years w.e.f. 25th May, 2018. Pursuant to section 196,197,203 and schedule V of the Companies Act, 2013, the appointment and payment of remuneration to Whole-time Director is required to be approved by the Shareholders at the next General Meeting of the Company and, hence, same has been included in the Notice of the 8th Annual General Meeting of the Company.

7.1 Declaration by Independent Directors

The Company has received necessary declaration from each Independence Director under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria of independence laid down under Section 149(6) of the Companies Act, 2013.

7.2 Meeting of Independent Directors

In terms of Schedule IV of Companies Act, 2013 read with Secretarial Standards issued by the ICSI, the meeting of the Independent Directors was held on 30th March, 2018, to enable Independent Directors to review the performance of the Chairman, Non-Independent Directors and the entire Board

and also to review the quality, content, and timeliness of flow of information between the company management and the Board for the Financial Year 2018-19.

7.3 Performance Evaluation

A performance evaluation of the Board, its Committees and individual Directors including the Independent Directors was carried out by the Board of Directors, pursuant to the provisions of the Companies Act, 2013, on the criteria and framework adopted by the Board.

The Board of Directors evaluated the performance of the Board, as a whole and of its Committees after seeking inputs from the Directors and from the members of the Committee(s) respectively, on the composition and structure, effectiveness of processes, information and functioning, etc. Further, the Board (excluding the Director being evaluated) evaluated the performance of individual directors on criteria such as participation/ contribution at the Board/Committee Meetings; general understanding of the Company's business dynamics etc. The Board noted satisfactory performance of the Board, its Committees and the individual Directors.

In addition to the criteria of evaluation for all Directors, which is common for evaluation of both Independent and Non-executive Directors, an Independent Director was also evaluated on parameters including, exercise of objective independent judgment in the best interest of Company; ability to contribute to and monitor corporate governance practice; and adherence to the code of conduct by Independent Directors. The evaluation for the year under Report has been completed.

8. MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met four times during the Financial Year 2017-18, on 28th May, 2017, 23rd September, 2017, 23rd December, 2017 and 27th March, 2018. The maximum interval between the two Board Meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

9. COMMITTEES OF THE BOARD

To provide detailed and necessary assistance in the Company's matters, the Board has constituted four committees. The Board has a defined set of guidelines and an established framework for conducting the meetings of the said Committees. These guidelines seek to systematize the decision making process at the meetings in an informed and efficient manner.

I. Audit Committee

A. Constitution

The constitution of the Audit Committee comprising of Shri S.C.K. Patne as Chairman; Shri K.C. Ganjwal and Shri R.K. Pandey as members is in conformance with the requirements of Section 177 of the Companies Act, 2013. All the members of the Committee have adequate knowledge of financial and accounting matters.

B. Terms of Reference

Role of the Audit Committee, inter alia, includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Disclosure of any Related Party Transactions.
- Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

- Review and monitor the auditor's independence and performance and effectiveness of audit process;

- Examination of Financial Statements and the Auditors' Report thereon;

- Approval of any subsequent modification of transactions of the company with related parties;

- Scrutiny of inter-corporate loans and investments;

- Valuation of undertakings or assets of the company, wherever it is necessary;

- Evaluation of internal financial controls and risk management systems;

- Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;

- Formulating the scope, functioning, periodicity and methodology for conducting the internal audit;

- Discussion with internal auditors of any significant findings and follow-up thereon;

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;

- Reviewing the following information:

- Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;

- Internal audit reports relating to internal control weaknesses; and

- Carrying out any other function as mentioned in terms of reference of the audit committee.

II. Nomination and Remuneration Committee

A. Constitution

The constitution of the Nomination and Remuneration Committee comprising of Shri K.C. Ganjwal as Chairman; Shri S.C.K. Patne and Shri S.D.M. Nagpal as members is in conformance with the requirements of Section 178 of the Companies Act, 2013.

B. Terms of Reference

Role of the Nomination and Remuneration Committee, inter alia, includes the following:

- Identify persons who are qualified to become directors or senior management employees and recommend to the Board their appointment/ removal;

- ii. Evaluate every Director's performance;
- iii. Formulate criteria for determining qualifications, positive attributes and independence of a Director;
- iv. Recommend to the Board a policy relating to remuneration for the Directors, KMPs & other employees;
- v. To approve the extension or continuation of terms of appointment of Independent Directors on the basis of their performance evaluation;
- vi. To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- vii. Chairman of the Committee or any member authorised by him to attend all General Meetings of the Company;
- viii. To perform such other functions as may be necessary or appropriate for the performance of its duties.

C. Nomination & Remuneration Policy

In terms of Section 178(3) of the Companies Act, 2013 read with Rules framed thereunder, the Board on recommendation of Nomination and Remuneration Committee adopted a Nomination & Remuneration Policy which, inter-alia, enumerates directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters as provided therein. The said 'Nomination and Remuneration Policy' is annexed herewith as **Annexure-I** to this Report.

III. Corporate Social Responsibility (CSR) Committee

A. Constitution

The constitution of the CSR Committee comprising of Shri A.K. Jain as Chairman, Shri S.C.K. Patne and Ms. Sunita Joshi as Members is in conformance with the requirements of Section 135 of the Companies Act, 2013.

B. Terms of Reference

The CSR Committee is constituted by the Board to primarily assist the Board in discharging the Company's social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy' and to recommend the amount of expenditure to be incurred on CSR activities.

C. CSR Policy

The Corporate Social Responsibility Policy (CSR), as recommended by the CSR Committee, has been approved by the Board of Directors of the Company. CSR activities as mentioned in the CSR Policy are carried out under the guidance of the said Committee. During the year under report, the Company has spent over 2% of the Company's Average Net Profits for three immediately preceding Financial years on CSR activities.

The financial data pertaining to the Company's CSR activities undertaken for the Financial Year ended 31st March, 2018 is presented in the prescribed format as **Annexure-II** to this Report.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors, confirm that:

- a) in the preparation of the annual accounts for the Financial Year ended 31st March, 2018, the applicable accounting standards have been followed and there are no material departures from the same;

- b) the Directors have 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 for the Financial Year ended 31st March, 2018 and the profit and loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively and the same are being strengthened on continuous basis from time to time.

11. LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loan, given any guarantee, provided any security and made any investments as prescribed under Section 186 of the Companies Act, 2013 except investment in Security Deposit with Govt. & Public Bodies and others aggregating to Rs. 6 Lakh.

12. RELATED PARTY TRANSACTION

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and all the related party transactions have been entered in accordance thereof and were in the ordinary course of business and at arm's length. Form AOC- 2, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, is annexed as **Annexure-III** to this Report.

Disclosure of transactions with related parties for which omnibus approval was granted and which are required to be disclosed in terms of IndAS 24 is set out in **Point 2 of Note No. 35** of the Financial Statements.

13. AUDITORS' AND AUDITORS' REPORT

I. Statutory Auditors

M/s Ravi Rajan & Co., Chartered Accountants, New Delhi (Firm Registration No. 009073N) were appointed as Statutory Auditors of the Company by the Shareholders in their 6th Annual General Meeting (AGM) held on 30th September, 2016 to hold the office for a period of five years i.e. till the conclusion of 11th AGM of the Company to be held in the year 2021, subject to ratification of their appointment at every AGM.

The Notes to financial statements referred to in the Auditors' Report are self-explanatory and therefore do not require any further comments. The Auditors' Report on financial statements for the Financial Year ended 31st March, 2018, does not contain any qualification, reservation or adverse remark.

During the year under Report, no frauds were reported by the Auditors under second proviso to Section 143 (12) of the Companies Act, 2013.

II. Secretarial Auditors

The Board of Directors have appointed M/s SGS & Associates, Practicing Company Secretary as Secretarial auditor to conduct secretarial audit of the Company for the Financial Year ended 31st March, 2018 as required under Section 204 of the Companies Act, 2013 and Rules made thereunder.

The Secretarial Audit Report for the Financial Year ended 31st March, 2018 is annexed as **Annexure- IV** to this Report.

III. Cost Auditors

The Board of Directors, on the recommendations made by the Audit Committee at its meeting held on 5th May, 2018, have approved the appointment of M/s Kabra & Associates, Cost Accountants (Firm Registration No. 000075), as the Cost Auditors of the Company to conduct audit of the cost records for the Financial Year 2018-19 as required under Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

The Company has received consent from M/s Kabra & Associates, to act as the Cost Auditors for conducting audit of the cost records for the Financial Year 2018-19 along with a certificate certifying their independence and arm's length relationship with the Company. Pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders at the ensuing AGM and has been included in the Notice of the 8th AGM of the Company.

IV. Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, M/s Awatar & Co., Chartered Accountants were appointed as the Internal Auditors to conduct the Internal Audit of the Company for the Financial Year 2018-19.

14. RISK MANAGEMENT

The Board of Directors is responsible for identifying, evaluating and managing all significant risks and uncertainties that can impact the Company. The Risk Management Policy, as approved and adopted by the Board alongwith the Company's overall Risk Management System and processes thereto, govern how the associated risks are identified, managed and addressed.

15. FIXED DEPOSITS

The Company has neither invited, nor accepted or renewed any fixed deposit during the period under Report in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

16. VIGIL MECHANISM

The Company has, in terms of the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, formulated a Vigil Mechanism Policy to maintain an open work environment in which the directors and the employees are able to report instances of any genuine concerns/grievances about any suspected or actual misconduct/ malpractice/ fraud/ unethical behavior without fear of intimidation or retaliation, to the Chief Executive Officer or in exceptional cases to the Chairman of the Audit Committee.

17. ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has put in place an adequate system of internal financial controls with reference to its financial statements. During the year under Report, no material or serious observation has been received from the Internal Auditor of the Company for insufficiency or inadequacy of such controls.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo, as

stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed as **Annexure- V** to this Report.

19. EXTRACT OF ANNUAL RETURN

As provided under Section 134 (3) (a) of the Companies Act, 2013, the extract of Annual Return for the Financial Year ended 31st March, 2018, is mentioned in **Annexure-VI** in the prescribed Form MGT-9 which forms part of this Report.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS & COURTS

During the year under Report, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

21. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under Report, no complaints were received by the Company.

22. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing names and other particulars of the employees drawing remuneration in excess of the prescribed limits is annexed as **Annexure - VII** to this Report.

Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

23. ACKNOWLEDGEMENT

The Board of Directors express their gratitude for the valuable support extended by the Government of Uttar Pradesh, Board for Industrial & Financial Reconstruction (BIFR), Ministry of Chemicals & Fertilizers, Kanpur Electricity Supply Co. Ltd., GAIL (India) Limited, Bankers, Various departments of Central and the State Government and other authorities for their valuable and continued co-operation & support to the Company. The Board places on record its appreciation to the team work, commitment and unstinting efforts of the employees of all levels for revival and successful operation of the Fertilizer Plant at Kanpur.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 5th May, 2018

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

ANNEXURES TO THE BOARDS' REPORT

ANNEXURE-I

NOMINATION AND REMUNERATION POLICY

A. Policy for selection of Directors and determining Directors' Independence

1. Introduction

- 1.1 Kanpur Fertilizers & Cement Limited (KFCL) believes that an enlightened Board consciously creates a culture of leadership

to provide a long-term vision and policy approach to improve the quality of governance. Towards this, KFCL ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise, experience and commitment to discharge their responsibilities and duties effectively.

- 1.2 KFCL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. KFCL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. Scope and Exclusion

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. Terms and References

In this Policy, the following terms shall have the following meanings:

- 3.1 "Director" means a director appointed to the Board of a company.
- 3.2 "Nomination and Remuneration Committee" means the committee constituted by KFCL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.
- 3.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.
- 3.4 "Key Managerial Personnel" means
- (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed under the Companies Act, 2013

4. Policy

4.1 Qualifications and criteria

- 4.1.1 The Nomination and Remuneration Committee (NRC), and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.

- 4.1.2 In evaluating the suitability of individual Board members, the NRC may take into account factors such as: General understanding of the Company's business dynamics and social perspective; Educational and professional background standing in the profession; Personal and professional ethics, integrity and values; Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

- 4.1.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;

- Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013 and other relevant laws.

- 4.1.4 The NRC shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

- 4.2.1 The NRC shall assess the independence of Directors at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

- 4.2.2 The criteria of independence, as laid down in Companies Act, 2013 is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor by any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately

preceding the financial year in which he is proposed to be appointed, of—

- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
 - f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
 - g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
 - h. who is not less than 21 years of age.
- 4.2.3 The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.
- 4.3 Other directorships/committee memberships
- 4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other companies in such a way that it does not interfere with their role as directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 4.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.
- 4.3.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.
- 4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

B. Remuneration Policy for Directors, Key Managerial Personnel and other employees

1. Introduction

Kanpur Fertilizers & Cement Limited (KFCL) recognizes the importance of aligning the business objectives with specific and measureable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the Objectives of ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.

2. Scope and Exclusion:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

3. Policy:

3.1 Remuneration to Executive Directors and Key Managerial Personnel.

3.1.1 The Board, on the recommendation of the Nomination and remuneration Committee (NRC), shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

3.1.2 The Board, on the recommendation of the NRC shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

3.1.3 The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Retirement benefits

3.1.4 The Annual Plan and Objectives for Executive Directors and Senior Executives (Executive Committee) shall be reviewed by the NRC and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

3.2 Remuneration to Non-Executive Directors

3.2.1 The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.

3.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.

3.3 Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

ANNEXURE-II

A statement containing details of Corporate Social Responsibility expenditure incurred by the Company during the Financial Year 2017-18 is placed below:

1.	Average Net profits of the Company for the last three Financial Years	:	Rs.1658.08 lacs
2.	Prescribed CSR expenditure of the average Net profits	:	Rs. 33.16 lacs
3.	Details of amount spent towards CSR during the Financial Year	:	Rs. 68.38 lacs
a)	Total amount to be spent for the Financial Year	:	Rs. 33.16 lacs
b)	Amount unspent, if any	:	NIL
c)	Manner in which the amount spent during the Financial Year is detailed below:		

S. No.	CSR Project or activity identified	Sector in which the project is covered	State & District where projects or programs were undertaken	Amount outlay (budget) project or programs wise (Rs. In Lac)	Amount spent on the projects or programs (Rs. In Lac)	Cumulative expenditure up to the reporting period (Rs. In Lac)	Amount spent Direct or through implementing agency
1	Contribution to Ekal Vidyalyaya	Education Programme for children of Tribal, Rural & Remote areas	Bharat Lok Shiksha Parishad Kanpur	3.00	3.00	3.00	Through Implementing Agency
2	Construction of World class toilet	Sanitation facilities	Abhinav (NGO), Kanpur	2.10	2.10	2.10	Through Implementing Agency
3	Construction of Twin toilets in slum area	Sanitation facilities	Villages at Kanpur	2.56	2.77	2.77	Directly
4	Installation of Hand pumps (adjacent to toilets) in slum area	Making available safe drinking water	Villages at Kanpur	25.50	25.50	25.50	Directly
5	Campaign for "Say No to Plastic Bags"	For Environmental sustainability Awareness Campaign	Utkarsh Star Mitra Mandal	-	35.00	35.00	Through Implementing Agency
			Total	33.16	68.37	68.37	

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)

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

1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts/arrangements/transactions with related parties during the financial year 2017-18, which were not at arms' length basis.

S.No	Particulars	Details
a	Name(s) of the related party and nature of relationship	N.A.
b	Nature of contracts/arrangements/transactions	N.A.
c	Duration of the contracts / arrangements/transactions	N.A.
d	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
e	Justification for entering into such contracts or arrangements or transactions	N.A.
f	Date(s) of approval by the Board	N.A.
g	Amount paid as advances, if any	N.A.
h	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	N.A.

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No	Particulars	Details
a	Name(s) of the related party and nature of relationship	N.A.
b	Nature of contracts/arrangements/transactions	N.A.
c	Duration of the contracts / arrangements/transactions	N.A.
d	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
e	Date(s) of approval by the Board	N.A.
f	Amount paid as advances, if any	N.A.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 5th May, 2018

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

ANNEXURE-IV

Form No. MR-3

SECRETARIAL AUDIT REPORT

[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
KANPUR FERTILIZERS & CEMENT LIMITED
SECTOR-128, NOIDA-201304

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/S KANPUR FERTILIZERS & CEMENT LIMITED

(hereinafter called the **company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, 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, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 ("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 2018 according to the provisions of:

- (i) (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable to the Company during the Audit Period)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the Audit Period)**
- (v) The Securities and Exchange Board of India Act, 1992 and Rules and Regulations prescribed under the said Act. **(Not applicable to the Company during the Audit Period)**

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

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (b) The Listing Agreements entered into by the Company with Stock Exchanges. **(Not applicable to the Company during the audit period)**

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) The Indian Boilers Act, 1923
- (b) Hazardous Chemicals Act, 1985
- (c) Essential Commodities Act, 1955 &
- (d) The Fertilizer (Control) Order 1985

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

The Company Secretary had resigned w.e.f. 31st May, 2017 and the new incumbent has joined w.e.f. 1st June 2017.

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are 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.

For SGS ASSOCIATES

Company Secretaries

D.P. Gupta

M N FCS 2411

C P No. 1509

Date: 5th May, 2018

Place: New Delhi

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 this Report.

Annexure - A

To,
The Members
Kanpur Fertilizers Limited
Sector-128, Noida – 201304
Distt. Gautam Budh Nagar, Uttar Pradesh

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 of 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 the 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 efficacy or effectiveness with which the management has conducted the affairs of the company.

For SGS ASSOCIATES

Company Secretaries

D.P. Gupta

Date: 5th May, 2018

Place : New Delhi

Membership Number FCS 2411

Certificate of Practice No. 1509

(A) CONSERVATION OF ENERGY
(i) The steps taken or impact on conservation of energy

The steps taken and impact on conservation of energy in Ammonia Plant.

	Steps taken	Impact on conservation of energy
1.	New NG pre heater in Ammonia-1 installed.	The low grade steam from condensate stripper being vented to atmosphere has been utilised for pre-heating Natural Gas, thus saving steam.
2.	Introduction of dry Ice cleaning of convection duct exchangers.	Heat exchange improved in super-heaters, flue gas boiler, economiser and combustion air heaters reducing steam generation load on AFBC and fuel to PR furnace.
3.	New arrangement of Acid gas cooler bundles to reduce energy consumption in CO2 removal section of Ammonia-1&2.	Reduction in L.P. Regenerator pressure to designed value. Steam consumption has come down by 2-3 T/hr in Ammonia 1.
4.	Installation of upgraded overhead condenser in old Ammonia Recovery.	Improved performance of Old Ammonia Recovery section prevented escaping of uncondensed ammonia.
5.	Syn gas cooler spray nozzle replacement in Ammonia-2&3.	Electrical energy savings in Syn gas compressor due to lower suction temperature.
6.	Replacement of Semi lean motor (1A) in GV section and HT motor (BFW 3A)	Installed Energy efficient motor resulted in power saving.
7.	Refurbishment of Ammonia condenser of Howden Compressor.	Resulted in Power savings.

The steps taken and impact on conservation of energy in Urea Plant.

1.	Upgradation of CO2 suction header to CO2 Compressors A&B	Electrical power savings in CO2 compressors.
2.	Energy efficient motor for Ammonia injector.	Installed Energy efficient motor resulted in power saving.
3.	Operation of Hydrolyser Stripper Unit (HSU) rationalized.	Annualised steam consumption in HSU has been reduced due to rational operation.
4.	Dust Chamber Urea-A nozzles upgradation.	Reduced losses of Ammonia and Urea in the form of dust from prilling tower.

The steps taken and impact on conservation of energy in Offsite Plant.

1.	Cooling towers ID fans operation rationalisation in winters.	Electrical energy savings.
2.	Stoppage of high pressure air let down from PA compressor for usage as IA.	Electrical energy savings.
3.	Replacement of low efficiency cooling water pumps with new pumps.	Electrical saving due to use of higher efficiency pumps.
4.	Replacement of exhausted Cation and Anion resin.	Resulted in reduction of boilers blow down.

The steps taken and impact on conservation of energy in Non-Plant Area

1.	Replacement of plant light with LED based light.	NH3, Urea & PMLC control room 2x2 CFL panel lights and Tower lights were replaced with LED lights. Electrical energy savings of 73856 KWH annually.
2.	Installation of 50 no of Solar street light fitting	Electrical savings of 6570 KWH annually.

(B) DETAILS OF FOREIGN EXCHANGE OUTFLOW

S.N	Particulars	2017-18 (Rs. in Lakhs)	2016-17 (Rs. in Lakhs)
a)	Payment to Suppliers	7,003	17,887
b)	Travelling	Nil	Nil

For and on behalf of the Board of Directors

Place: New Delhi
Date: 5th May, 2018

MANOJ GAUR
(DIN: 00008480)

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the
Companies (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:-

i	CIN	U24233UP2010PLC040828
ii	Registration Date	31.05.2010
iii	Name of the Company	Kanpur Fertilizers & Cement Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office & contact details	"Sector 128, Noida, Uttar Pradesh-201304. Tel: 91-11-42541234, 23541234 Fax : 91-11-23552001
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Alankit Assignments Limited Regd. Office: 205-208 Anarkali Complex, Jhandewalan Extn., New Delhi-110055 Tel: 91-11-42541234, 23541234 Fax : 91-11-23552001 E-mail:info@alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main products/services	NIC Code of the Product/service	% age to total turnover of the Company
1.	To carry on the business of manufacture, import, sell, distribute, deal, agents, merchants and prepare of all classes and kinds of fertilizers and urea and all classes and kinds of chemicals required in the manufacture of any kind of fertilizers and chemicals and to carry on any operation or processes of mixing granulating different chemicals and fertilizers.	20121	100%

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1.	Jaypee Uttar Bharat Vikas Pvt. Ltd. Sector-128, District Gautam Budh Nagar, Noida-201304	U24233UP2010PTC040827	Holding	86.57%*	2(46)

* * Percentage of Shares based on total Equity & Convertible Preference Share Capital issued by the Company.

IV) SHAREHOLDING PATTERN (Equity Share Capital break up as % to total Equity)
i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2017				No. of Shares held at the end of the year i.e. 31.03.2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF*	0	50,000	50000	0.02	0	50000	50000	0.02	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0.00	0
c) Bodies Corporates	200000000	0	200000000	99.71	205607549	0	205607549	88.98	-10.73
d) Bank/FI	0	0	0	0	0	0	0	0.00	0
e) Any other(specify)- Trusts -Wherein Company is Beneficiary*	0	0	0	0	0	0	0	0.00	0
Sub Total:-(A) (1)	200000000	50000	200050000	99.73	205607549	50000	205657549	89.00	-10.73
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0.00	0
b) Other Individuals	0	0	0	0	0	0	0	0.00	0

KANPUR FERTILIZERS & CEMENT LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2017				No. of Shares held at the end of the year i.e. 31.03.2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Bodies Corp.	0	0	0	0	0	0	0	0.00	0
d) Banks/FI	0	0	0	0	0	0	0	0.00	0
e) Any other...	0	0	0	0	0	0	0	0.00	0
Sub Total:-(A) (2)	0	0	0	0	0	0	0	0.00	0
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	200000000	50000	200050000	99.73	205607549	50000	205657549	89.00	-10.73
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0.00	0
b) Banks/FI	13712	5500	19212	0.01	13712	5500	19212	0.01	0
C) Central govt	0	0	0	0	0	0	0	0.00	0
d) State Govt.	0	0	0	0	0	0	0	0.00	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0.00	0
f) Insurance Companies	0	0	0	0	0	0	0	0.00	0
g) FIIS	0	0	0	0	0	0	0	0.00	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	0
i) Others (specify)	0	0	0	0	0	0	0	0.00	0
Sub Total:-(B)(1):	13712	5500	19212	0.01	13712	5500	19212	0.01	0
(2) Non Institutions									
a) Bodies corporates									
i) Indian	384513	27,410	411923	0.21	25276074	27410	25303484	10.95	10.74
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	98175	1020	99195	0.05	99065	1020	100085	0.04	-0.01
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0.00	0	0	0	0.00	0
c) Others (specify)									
i) Non residents Indians	859	0	859	0.00	859	0	859	0.00	0
ii) Trusts	931	105	1036	0.00	931	105	1036	0.00	0
iii) OCB									
iv) Foreign Body Corporate									
Sub Total:-(B)(2):	484478	28,535	513013	0.26	25376929	28535	25405464	10.99	10.73
Total Public Shareholding (B) = (B)(1) + (B)(2)	498190	34035	532225	0.27	25390641	34035	25424676	11.00	10.73
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0.00	0
Grand Total (A + B + C)	200498190	84035	200582225	100	230998190	84035	231082225	100.00	0.00

* Beneficial owner is Jaypee Uttar Bharat Vikas Private Limited

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2017			Shareholding at the end of the year i.e. 31.03.2018			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
	A. Body Corporate							
1	Jaypee Uttar Bharat Vikas Private Limited	200,000,000	99.71	-	200,000,000	86.55	-	-13.16
2	Jaypee Fertilizers & Industries Limited	-	-	-	5607549	2.43	-	2.43
	B. Individuals							
1	Shri Manoj Gaur*	8,000	0	-	8,000	0.00	-	0
2	Shri Suren Jain*	7,000	0	-	7,000	0.00	-	0
3	Shri Sameer Gaur*	7,000	0	-	7,000	0.00	-	0
4	Shri S.D. Nailwal*	7,000	0	-	7,000	0.00	-	0
5	Shri Harish K. Vaid*	7,000	0	-	7,000	0.00	-	0
6	Shri Raj Sunder Kuchhal*	7,000	0	-	7,000	0.00	-	0
7	Shri Manmohan Sibbal*	7,000	0	-	7,000	0.00	-	0
	Sub-Total (B)	50,000	0.02		50,000	0.02		
	Total(A + B)	200,050,000	99.73		205,657,549	89.00		-10.73

* Beneficial Owner of these shares is Jaypee Uttar Bharat Vikas Private Limited

(iii) Change in Promoters' Shareholding (Specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year i.e. 01.04.2017			Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (2017-18)	
		No. of shares	% of total shares of the Company	Date			No. of shares	% of total shares of the company
	A. Body Corporate							
1	Jaypee Uttar Bharat Vikas Private Limited	200,000,000	99.71	0	-	No Movement	200,000,000	86.55
2	Jaypee Fertilizers & Industries Limited	-	0	28/05/2017	Increase	Conversion of Preference Shares	5,607,549	2.43
	B. Individuals							
1	Shri Manoj Gaur	8,000	0	0	-	No Movement	8,000	0.00
2	Shri Suren Jain	7,000	0	0	-	No Movement	7,000	0.00
3	Shri Sameer Gaur	7,000	0	0	-	No Movement	7,000	0.00
4	Shri S.D. Nailwal	7,000	0	0	-	No Movement	7,000	0.00
5	Shri Harish Vaid	7,000	0	0	-	No Movement	7,000	0.00
6	Shri Raj Sunder Kuchhal	7,000	0	0	-	No Movement	7,000	0.00
7	Shri Manmohan Sibbal	7,000	0	0	-	No Movement	7,000	0.00
	Sub-Total (B)	50,000	0.02				50,000	0.02
	Total	200,050,000	99.73				205,657,549	89.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No		Shareholding at the beginning of the year i.e. 01.04.2017		Cumulative Shareholding during the year (2017-18)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	Top 10 Shareholders				
1	Jaypee Development Corporation Limited	-	0.00	25,000,000	10.82
2	ISG Traders Limited	198,720	0.10	198,720	0.09
3	NRC Limited	35,903	0.02	35,903	0.02
4	Sewand Investments Limited	25,742	0.01	25,742	0.01
5	Golconda Investments Limited	20,000	0.01	-	0.00
6	Life Insurance corporation of India	13,479	0.01	13,479	0.01
7	Hitesh Ramji Javeri	6,750	0.00	6,750	0.00
8	Andhra Bank Limited	4,500	0.00	-	0.00
9	Swaran Financial Private Limited	3,606	0.00	3,606	0.00
10	Gouri Prasad Goenka	4,048	0.00	3,300	0.00
11	Gopal Das Sonkia	3,300	0.00	-	0.00
12	Redheysyam Chadak	-	0.00	3,252	0.00
13	Harsha Hitesh Javeri	-	0.00	3,000	0.00

KANPUR FERTILIZERS & CEMENT LIMITED

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding at the beginning of the year i.e. 01.04.2017		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year i.e 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Shri Manoj Gaur* Chairman & Director	8,000	0.00	-	-	No Movement	8,000	0.00
2	Shri A.K. Jain Vice-Chairman & CEO	Nil	0.00	-	-	-	Nil	0.00
3	Shri Sunny Gaur Director	Nil	0.00	-	-	-	Nil	0.00
4	Shri S.D. M. Nagpal Director	Nil	0.00	-	-	-	Nil	0.00
5	Shri R.K. Pandey Director	Nil	0.00	-	-	-	Nil	0.00
6	Shri Sunil Joshi Director	Nil	0.00	-	-	-	Nil	0.00
7	Shri S.D. Nailwal* Director	7,000	0.00	-	-	No Movement	7,000	0.00
8	Shri Ajay Sharma Director	Nil	0.00	-	-	-	Nil	0.00
9	Shri S.C.K. Patne Director	Nil	0.00	-	-	-	Nil	0.00
10	Shri K.C. Ganjwal Director	Nil	0.00	-	-	-	Nil	0.00
11	Ms. Sunita Joshi Director	Nil	0.00	-	-	-	Nil	0.00

* Beneficial Owner of these shares is Jaypee Uttar Bharat Vikas Private Limited

(v) INDEBTEDNESS :

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In Rs. Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i.e. 01.04.2017				
i) Principal Amount	75,990	-	-	75,990
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	75,990	-	-	75,990
Change in Indebtedness during the financial year (2017-18)				
Additions	17600	-	-	17600
Reduction	-11,610	-	-	-11,610
Net Change	5,990	-	-	5,990
Indebtedness at the end of the financial year i.e. 31.03.2018				
i) Principal Amount	81,980	-	-	81,980
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	81,980	-	-	81,980

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Name of MD/WT/Manager		
		Shri A.K. Jain (Vice- Chairman & CEO)	Shri Gaurav Jain (Whole Time Director)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	6,966,000	7,098,871	14,064,871
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	others (specify)	-	-	-
5	Others, please specify	-	-	-
	Total (A)	6,966,000	7,098,871	14,064,871
	Ceiling as per the Act Rs. 1.00 cr (being 5% of the net Profits of the Company calculated as per Section 198 of Companies Act, 2013)			

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors									Total
		Shri S.C.K. Patne	Shri K.C. Ganjwal	Shri S. D Nailwal	Shri Sunny Gaur	Shri Sunil Joshi	Ms Sunita Joshi	Shri Manoj Gaur	Shri S.D. M Nagpal	Shri R.K. Pandey	
1	(a) Fee for attending Board/ Committee Meetings by Independent Directors	150000	140000	0	0	0	0	0	0	0	290000
	(b) Commission										
	(c) Others, please specify										
	Total (1)	150000	140000	0	0	0	0	0	0	0	290000
2	(a) Fee for attending Board/ Committee Meetings by Non Executive Directors	0	0	80000	30000	100000	50000	20000	60000	80000	420000
	(b) Commission										
	(c) Others, please specify										
	Total (2)	0	0	80000	30000	100000	50000	20000	60000	80000	420000
	Total (B) = (1 + 2)	150000	140000	80000	30000	100000	50000	20000	60000	80000	710000
	Total Managerial Remuneration (A+B) *										710,000
	Overall Ceiling as per the Act.	Rs.0.20 cr (being 1% of the net Profits of the Company calculated as per Section 198 of Companies Act, 2013)									

* Total Remuneration to Managing Director, and other Directors (being total A+B)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT/

Sl. No.	Particulars of Remuneration	Key managerial Personnel		Total
		Shri Sudhir Rana (CFO)	Ms. Suman Lata* (CS)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	2,875,200	1,773,478	4,648,678
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	2,875,200	1,773,478	4,648,678

* Ms. Suman Lata appointed as Company Secretary of the Company w.e.f. 1st June, 2017.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Place: New Delhi
Date: 5th May, 2018

MANOJ GAUR
(DIN: 00008480)

ANNEXURE - VII

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A) Name of top ten employees in terms of remuneration drawn during the Financial Year 2017-18:

(Amount in Rs.)

S. No.	Name	Designation	Remuneration	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Last Employment	% of Equity share held in the Company
1	Shri A.K Jain	Vice-Chairman & CEO	7,951,200	B.E.(Chemical)	45	25.05.2015	69	Jaiprakash Associates Ltd.	NIL
2	Shri Gaurav Jain	Whole-time Director	7,907,184	MBA	13	05.05.2017	39	Jaypee Infratech Ltd.	NIL
3	Shri Ashok Kumar Shrivastava	Sr. Vice President	3,625,200	B.E. PGDM	38	03.02.2016	66	Jaiprakash Associates Ltd.	NIL
4	Shri Ganesh Mohan Tandon	Sr. Vice President	3,315,977	B. Tech.	38	14.02.2017	65	Jaiprakash Associates Ltd.	NIL
5	Shri Harishchandra Lal Das	Chief General Manager	3,314,175	B. Tech	38	07.03.2016	63	Rashtriya Chemical Fertilizers	NIL
6	Shri Sudhir Rana	Vice President	3,115,200	B.Com. C.A.	31	01.11.2014	56	Sangam Power Generation Company Ltd.	NIL
7	Shri Navneet Kumar Saxena	Vice President	2,986,167	B.E.	25	01.09.2016	47	Jaiprakash Associates Ltd.	NIL
8	Shri Bidhu Bhushan Lall	General Manager	2,753,535	MBA (MARKETING)	36	01.09.2016	60	Jaiprakash Associates Ltd.	NIL
9	Shri Akhilesh Pandey	Chief Engineer	2,306,725	Dip. (Mech.)	35	01.11.2011	58	Jaypee Venture Pvt. Ltd.	NIL
10	Shri Prithpal Singh Bhatia	Jt. President	2,154,419	B.E.	44	15.11.2016	69	Jaypee Fertilizers & Industries Ltd.	NIL

B) Name of the employees working throughout the Financial Year 2017-18 and in receipt of remuneration not less than Rs. 1,02,00,000/- per annum and working for part of the Financial year 2017-18 and in receipt of remuneration not less than Rs. 8,50,000/- per month

-----Nil-----

NOTES:

- Gross remuneration includes Salary, H.R.A., Employer's Contribution to Provident Fund and other perks like Medical Reimbursement, Leave Travel Assistance, Furnishing Allowance, Gratuity and Leave Encashment etc.
- Information about qualifications and last employment is based on particulars furnished by the concerned employee.
- None of the whole-time directors either by themselves or along with their spouse and dependent children holds two percent or more of the equity shares of the Company.

- The nature of employment of employees is regular and is governed as per service rules of the Company. They perform such managerial duties in their respective area of expertise as assigned from time to time.
- The other terms & conditions of each of the above persons are as per the contract/letter of appointment/resolution and rules of the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 5th May, 2018

MANOJ GAUR
(DIN: 00008480)

INDEPENDENT AUDITOR'S REPORT

TO,
THE MEMBERS OF

KANPUR FERTILIZERS & CEMENT LIMITED**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **M/s KANPUR FERTILIZERS & CEMENT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 financial statements that give a true and fair view of the financial position, financial performance (Including other comprehensive income) and cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of 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

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. 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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss (Including Other Comprehensive Income), Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the relevant rule issued thereunder;
 - e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - g) With respect to other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 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 Ind AS financial statements – Refer Note 35 to the Ind AS financial statements;

- (ii) The company does not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the company.

For Ravi Rajan & Co.,
(Chartered Accountants)
Firm's registration number: 009073N

Ravi Kumar
Partner
Membership number: 508424

Place: New Delhi
Date: 05.05.2018

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kanpur Fertilizers & Cement Limited of even date)

(i) In respect of fixed assets:

- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a policy to verify its fixed assets once in three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The physical verification was carried out during last year. According to the information and explanation given to us, no material discrepancies were noticed on such verification
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are deemed to be held in the name of company in terms of Paras 4 and 5, Part II of **Annexure A** of approved scheme of BIFR.

(ii) In respect of Inventory:

- (a) As explained to us the inventory of the company has been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and as per information and explanation provided to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register

maintained under section 189 of the Companies Act. Hence, Clause (a) and (b) of clause (iii) regarding regularity of receipt of the principal amount and interest and recovery of overdue amount is not applicable.

- (iv) In our opinion and according to the information and explanations given to us, the company has not made any investment in terms of the provisions of section 185 and 186 of the Act. The company has not granted any loans, or provided any guarantees or securities to the related party.
- (v) According to the information and explanations given to us, the company has not accepted any deposits during the year. There are no unclaimed deposits and hence reporting under clause (v) of the CARO 2016 is not applicable to the company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Records and Audit) Rules 2014, as amended prescribed by the Central Government under sub section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the same.

(vii) In Respect of Statutory Dues

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us no undisputed amount payable in respect of provident fund, income tax, sales tax, value added tax, GST cess, and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no material dues of Wealth tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of Income tax, Sales tax, Service tax and Gratuity have not been deposited/ paid by the Company on account of disputes. (For details, refer 35 to the Ind AS Financial Statements).

Name of the Statute	Nature of dues	Amount of Demand (in Lacs)#	Assessment Year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	17.09	2012-13	Pending before ITAT
Income Tax Act, 1961	Income Tax Penalty	62.86	2012-13	CIT (Appeal)
Income Tax Act, 1961	Income Tax Demand	357.12	2013-14	Pending before ITAT
Income Tax Act, 1961	Income Tax Penalty	380.00	2013-14	Appeal to be filed before CIT(A)

It is net of the amount deposited against respective demands.

- (viii) In our opinion, according to information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government. In addition, the Company has not issued any debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further, term loans were applied for the purpose for which the loans were obtained.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.
- (xi) According to the information and explanations given to us, and based on our examination of the record of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with schedule V to the Act.
- (xii) The Company is not a nidhi company and hence reporting under clause (xii) of the CARO 2016 is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of share or fully or partly convertible debenture and hence reporting under clause (xiv) of the CARO 2016 is not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them and hence provision of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Ravi Rajan & Co.,
(Chartered Accountants)
Firm's registration number: 009073N

Ravi Kumar
Partner
Membership number: 508424

Place: New Delhi
Date: 05.05.2018

Annexure - B to The Independent Auditor's Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of

Kanpur Fertilizers & Cement 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 ("the Act")

We have audited the internal financial controls over financial reporting of M/s KANPUR FERTILIZERS & CEMENT LIMITED ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and

procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 31st March, 2018, 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 Ravi Rajan & Co.,
(Chartered Accountants)
Firm's registration number: 009073N

Ravi Kumar
Partner
Membership number: 508424

Place: New Delhi
Date: 05.05.2018

BALANCE SHEET AS AT 31ST MARCH 2018

(` in Lakhs)

Particulars	Note No	As on 31st March 2018	As on 31st March 2017
Assets			
Non Current Assets			
Property, Plant and Equipment	3	97,123	103,618
Capital Work in Progress	4	70	89
Goodwill		4	15
Financial Assets			
Other Financial Assets	5	24	667
Other Non Current Assets	6	1	1
		97,222	104,390
Current Assets			
Inventories	7	16,143	11,213
Financial Assets			
Trade Receivable	8	78,385	85,804
Cash and Cash Equivalents	9	2,192	1,748
Bank Balance other than above	10	2,282	1,491
Loans	11	1,231	987
Other Financial Assets	12	10,814	346
Other Current Assets	13	6,819	5,789
		117,866	107,378
Total		215,088	211,768
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	23,108	20,058
Other Equity	15	59,167	59,216
		82,275	79,274
Non Current Liabilities			
Financial Liabilities			
Borrowing	16	33,145	21,435
Other Financial Liabilities	17	1,181	1,245
Provisions	18	368	346
Deferred Tax Liabilities (Net)	19	3,816	2,516
		38,510	25,542
Current Liabilities			
Financial Liabilities			
Borrowings	20	45,888	44,447
Trade payables	21	38,576	31,251
Other Financial Liabilities	22	7,563	29,648
Other Current Liabilities	23	1,228	726
Provisions	24	111	111
Current Tax Liabilities(Net)	25	937	769
		94,303	106,952
Total		215,088	211,768
Summary of Significant Accounting Policies & Notes to the Financial Statements	"1" to "35"		

 For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N

 Ravi Kumar
Partner
M. No. 508424

 Place: New Delhi
Dated : 05.05.2018

 Suman Lata
Company Secretary
FCS-4394

 Sudhir Rana
Chief Financial Officer

For and on behalf of the Board

 Manoj Gaur
Chairman
(DIN : 00008480)

 A.K. JAIN
Vice Chairman & CEO
DIN: 01731920

PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2018

(` in Lakhs)

Particulars	Note No	2017-18	2016-17
Revenue From Operations	26	220,027	218,518
Other Income	27	1,042	313
Total Income		221,069	218,831
Expenses			
Cost of Materials Consumed	28	176,635	165,417
Purchases of Stock-in-Trade	29	10,267	10,667
Excise Duty		87	416
Changes in Inventories of Finished Goods & Work-in-Progress	30	-5,065	3,301
Employee Benefits Expense	31	4,844	4,241
Finance costs	32	10,744	12,759
Depreciation and amortization Expense	33	7,394	7,320
Other expenses	34	11,823	11,149
Total Expenses		216,729	215,270
Profit Before Exceptional Items and Tax		4,340	3,561
Exceptional Items		--	--
Profit Before Tax		4,340	3,561
Tax Expense:			
(1) Current Tax		937	769
(2) Mat Credit Entitlement		-937	-769
(3) Deferred Tax		1,313	1,113
Total Tax Expenses		1,313	1,113
Profit/(Loss) for the Period		3,027	2,448
Other Comprehensive Income			
Items that Will Not be Reclassified to Profit or Loss			
Remeasurements of the Defined Benefit Plans		-38	49
Less: Income Tax		-12	16
Total Other Comprehensive Income		-26	33
Total Comprehensive Income for the Period		3,001	2,481
Earnings per Equity Share			
(1) Basic		1.34	1.22
(2) Diluted		0.86	0.71
Summary of Significant Accounting Policies & Notes to the Financial Statements	"1" to "35"		

For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N

Ravi Kumar
Partner
M. No. 508424

Place: New Delhi
Dated : 05.05.2018

Suman Lata
Company Secretary
FCS-4394

Sudhir Rana
Chief Financial Officer

For and on behalf of the Board

Manoj Gaur
Chairman
(DIN : 00008480)

A.K. JAIN
Vice Chairman & CEO
DIN: 01731920

Statement of Changes in Equity For The Period Ended 31st March, 2018
Equity
Particulars

a. Equity share capital	(` in Lakhs)
Balance as at 31st March 2017	20,058
Equity Share Issued During the Year	3,050
Balance as at 31st March 2018	23,108

Other Equity

(` in Lakhs)

Particular	Equity Component of Compulsory Convertible Preference Share Including Security Premium	Security Premium	Retained Earnings	Remeasurements of the Defined Benefit Plans	Total
Balance as at 31st March 2017	37,575	19,995	1,442	204	59,216
Profit For the Year	-	-	3,027	-	3,027
Remeasurement of Defined Benefit Liability(Net of Tax)	-	-	-	(26)	(26)
Changes During The Year	(6,100)	3,050	-	-	(3,050)
Balance as at 31st March 2018	31,475	23,045	4,469	178	59,167

For and on behalf of the Board

For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N

Ravi Kumar
Partner
M. No. 508424

Manoj Gaur
Chairman
(DIN : 00008480)

Place: New Delhi
Dated : 05.05.2018

Suman Lata
Company Secretary
FCS-4394

Sudhir Rana
Chief Financial Officer

A.K. JAIN
Vice Chairman & CEO
DIN: 01731920

Note No."1" Nature of Operations

Kanpur Fertilizers & Cement Limited (KFCL) was incorporated on 31st May 2010. The Company was formed with one of its objectives to undertake the business in manufacturing, selling and trading of fertilizers and related activities. The Company is subsidiary of Jaypee Uttar Bharat Vikas Private Limited (JUBVPL).

The Company has 7,22,700 MT / Per Annum Urea manufacturing plant on approximately 243 Acres of land at Panki Industrial Area, Kanpur, U.P. The plant restarted commercial operations after revamp, changeover from Naphtha to Natural Gas (NG) as feed stock and certain Energy Savings Measures with effect from June 1, 2014.

Note No."2" Significant Accounting Policies
a. Basis of preparation

The Company has adopted accounting policies that comply with Indian Accounting standards (IND AS or Ind AS) notified by Ministry of Corporate Affairs vide notification dated 16 February 2015 under section 133 of the Companies Act 2013. Accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements referred hereinafter have been prepared in accordance with the requirements and instructions of Schedule III of the Companies Act 2013, amended from time to time applicable to companies to whom IND AS applies read with the IND AS's.

b. Property, Plant and Equipment (PPE)

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) up to the date of acquisition/ installation], net of accumulated depreciation and accumulated impairment losses, if any.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset when the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed in Schedule II to the Companies Act, 2013 as under:

Assets	Useful Lives
Building	30 Years
Plant and Machinery	15 years
Vehicle	4 - 8 years
Office equipment	5 years
Furniture and fittings	10 years

Individual assets acquired for Rs. 5000/- or less are depreciated fully in the year of acquisition.

Freehold land is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss when the asset is derecognized.

c. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost which comprise purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates) and any directly attributable cost of preparing the asset for its intended use. An intangible assets acquired in a business combination is recognized at fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is recognized on a straight line basis over their estimated useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates being accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed

annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Computer Software is amortized over a period of 5 years.

The Goodwill arising on Shares issued to DIL shareholders in pursuant to Demerger Scheme dated 16.01.2012 of Hon'ble BIFR is being amortized equally over the period of five years.

d. Inventories

Inventories of raw material, finished goods, work in progress / stock in process, traded goods and stores & spares are valued at lower of cost or net realizable value. Cost is determined on weighted average basis. Cost comprises of purchase & other costs incurred in bringing then to their present location & condition.

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

e. Revenue Recognition

Sales

Sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyers, the Company retains neither continuing managerial involvement nor effective control over the goods sold, it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably & no significant uncertainty exists regarding amount of consideration.

The risks and rewards of ownership of the goods are usually transferred at the time of delivery of the goods to customers.

The amount of sale is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates; value added taxes and amounts collected on behalf of third parties.

The Company manufactures Urea, which is rate regulated by Government of India (GoI). Subsidy from Urea is recognized in sales / income on the bills generated through Integrated Fertilizers Monitoring System (IFMS) of GoI on accrual basis in profit & loss accounts in accordance with Ind AS 20. Subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Subsidy on Urea including freight has been accounted as Revenue at the rate estimated by the Management on the basis of following parameters:

- the notified concession prices as per
 - the New Pricing Scheme – Stage III and New Investment Policy 2012;
 - New Urea Policy 2015;
 - Uniform Freight Policy; and
- Submission of inputs on regular basis to FICC for revision of prices of urea subsidy relating to the basic cost of production and fixed cost on account of escalation/de-escalation claim.

- 3) Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government.

The difference arising on final notification received for escalation/de-escalation claim is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

Subsidy on Phosphatic and Potassic (P&K) fertilizers is recognized in accordance with Nutrient Based Subsidy (NBS) Policy from time to time and Freight subsidy has been accounted for in line with the policy.

Subsidy on City Compost is recognized as per the Market Development Assistance (MDA), as notified by the Government of India.

Interest

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate (EIR) applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

f. Foreign Currency Transaction

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period-

- i. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- ii. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- iii. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise.

g. Retirement and other employee benefits

i) Retirement benefit costs

Payments to retirement benefit plans such as provident fund are recognized as an expense.

For retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee Benefits Expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance

sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

ii) Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. These benefits include bonus/incentives and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

h. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

i. Leases

Finance lease

Leases of property, plant and equipment are classified as finance leases where the lessor has substantially transferred all the risks and rewards of ownership to the Company.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The Company has land on lease for the period of 999 years, and hence, is treated as finance lease.

j. Earnings per share

Basic earnings per equity share are computed by dividing net profit

after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

k. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted upto the end of the reporting period.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

ii) Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there be sufficient taxable profits against which to utilize the benefits of the temporary differences and are expected to reverse in the foreseeable future.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets and, the Company recognizes a

previously unrecognized Deferred Tax Asset to the extent that it has become probable that future taxable profit will allow the Deferred Tax Asset to be recovered.

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 part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (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.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in the said asset is created by way of credit to the statement of profit and loss as disclosed as 'MAT Credit Entitlement'. The Company reviews the 'MAT Credit Entitlement' asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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 tax assets and deferred taxes relate to the same taxable Company and the same taxation authority.

iii) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

I. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount

rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

m. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

n. Contingent liabilities

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

o. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

p. Use of estimates

The preparation of financial statements in conformity with Ind ASs requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on

the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

q. Cash and cash equivalents (for the purpose of Cash Flow Statement)

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

r. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

s. Financial Instrument

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

Financial asset is any assets that is

- Cash;
- An equity instrument of another entity;
- A contractual right:
 - (i) To receive cash or another financial asset from another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or

- A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets include current and non-current investments, loan to employees and body corporate, security deposits, trade receivables and other eligible current and non-current assets

Financial Liability is any liabilities that is

- A contractual obligation :
 - (i) To deliver cash or another financial asset to another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all of its existing owners of the same class of its own non-derivative equity instruments.

Financial liabilities include Loans, trade payable and eligible current and non-current liabilities.

Transitional provisions in opening balance sheet as per Ind AS 101

The Company designates a previously recognized financial asset/ financial liability as a financial asset/ financial liability measured at fair value through profit or loss on the basis of the facts and circumstances that exist at the date of transition to Ind ASs.

The Company has assessed whether a financial asset meets the conditions w.r.t. classification criteria on the basis of the facts and circumstances that exist at the date of transition to Ind ASs, practically feasible.

Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (i) The entity's business model for managing the financial assets and
 - (ii) The contractual cash flow characteristics of the financial asset.
- A financial asset is measured at amortized cost if both of the following conditions are met:
- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
 - (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

All financial liabilities are subsequently measured at amortized cost using the effective interest method or fair value through profit or loss.

Recognition

Financial assets and financial liabilities are recognized when and only when the Company becomes party to the contractual provisions of the instrument.

Initial Measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Subsequent measurement of financial assets

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) as the case may be.

Financial liabilities are subsequently measured at amortized cost or fair value through profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets which are classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

Trade receivables

Trade receivables are recognized initially at fair value and all are considered as current subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortized cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that

the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset and that transactions are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected allowance is computed based on a provision matrix which takes into account historical experience and adjusted for forward-looking information.

De-recognition of financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks rewards of ownership and continues to control the transferred asset, the Company recognizes its interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying and the sum of the consideration received and receivable and the cumulative gain or loss that had recognized in other comprehensive income and accumulated in equity is recognized in profit or loss, such gain or loss would have otherwise

been recognized in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset, other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of financial asset between the part it continues to recognize under continuing involvement, and the part that is no longer recognized on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and sum of the consideration received for the part no longer recognized and any cumulative gain or allocated to it that had been recognized in other comprehensive income is recognized in the statement of profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial Liabilities

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement being recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting

period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade payables

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Company after deducting all of its liabilities. Equity instruments are recognized at the proceeds received, net of direct issue costs.

Preference share capital

At initial recognition, Preference share capital is classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Preference share capital is classified as a financial liability or an equity instrument based on the substance of a financial instrument, rather than its legal form.

Preference share is classified as an equity instrument if, and only if, both conditions a) and b) below are met

- a) The instrument includes no contractual obligation:
 - To deliver cash or another financial asset to another entity; or
 - To exchange financial assets or financial liabilities with another entity under conditions that is potentially unfavorable to the issuer.
- b) If the instrument will or may be settled in the issuer's own equity instruments, it is:
 - A non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
 - A derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

Preference share capital is classified as a financial liability if it provides for mandatory redemption for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the

issuer to redeem the instrument at or after a particular date for a fixed or determinable amount.

Compound financial instruments

The component parts of compound financial instruments (convertible instrument) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognized as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible instrument are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible instrument using the effective interest method.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments substantially different terms is accounted for as an extinguishment of the original financial liability the recognition of a new financial liability. Similarly, a substantial modification of the terms of existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

NOTE No. "3"
Property Plant & Equipment

(₹ in Lakhs)

Particulars	Lease Hold Land	Building	Plant & Machinery	EDP Machine	Furniture & Fittings	Office Equipments	AC & Coolers	Refrig. & Water Cooler	Television/ Cinematography	Stores & Spares	Vehicles	Total
As at 31st March 2017	24,344	8,336	88,910	675	341	16	118	20	88	423	212	123,483
Additions	-	9	723	44	16	1	18	-	42	-	36	889
As at 31st March 2018	24,344	8,345	89,633	719	357	17	136	20	130	423	248	124,372
Accumulated Depreciation												
As at 31st March 2017	-	855	18,141	491	123	10	45	8	28	79	85	19,865
Charge for the year	-	304	6,923	42	32	2	12	2	12	28	27	7,384
As at 31st March, 2018	-	1,159	25,064	533	155	12	57	10	40	107	112	27,249
Net Block(As at 31st March, 2017)	24,344	7,481	70,769	184	218	6	73	12	60	344	127	103,618
Net Block (As at 31st March, 2018)	24,344	7,186	64,569	186	202	5	79	10	90	316	136	97,123

NOTE No. "4"
Goodwill

Cost or Deemed Cost	(₹ in Lakhs)
Gross Block	
As at 31st March 2017	53
Addition during the period	-
As at 31st March 2018	53
Accumulated Amortisation	
As at 31st March 2017	38
Amortisation during the period	11
As at 31st March 2018	49
Net Block (As at 31st March 2017)	15
Net Block (As at 31st March 2018)	4
Capital Work in Progress(As at 31st March 2017)	89
Capital Work in Progress(As at 31st March 2018)	70

Particulars	As on 31st March 2018	As on 31st March 2017
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NOTE No. "5"
Other Financial Assets

Bank Deposits With More Than 12 Months Maturity *	9	661
Security Deposit	6	6
Other Receivables	9	-
	24	667

NOTE No. "6"
Other Non-Current Assets

Prepaid Expenses	1	1
	1	1

NOTE No. "7"
Inventories

Raw Materials	381	664
Work in Progress	2,608	2,526
Finished Goods	9,931	4,948
Stock in Trade(Traded Products)	-	2
Stores & Spares	3,223	3,073
	16,143	11,213

Particulars	As on 31st March 2018	As on 31st March 2017
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NOTE No. "8"
Trade Receivables

Others (Unsecured, Considered Good)	78,385	85,804
	78,385	85,804

NOTE No. "9"
Cash and Cash Equivalents

Balance with Banks	398	361
Term Deposit Account with Maturity of Less Than Three Months *	1,785	1,379
Cash in Hand	9	8
	2,192	1,748

NOTE No. "10"
Other Bank Balances

Deposits with Maturity for Less Than 12 Months *	2,270	1,491
Security Deposit (withheld amount with bank)	12	-
	2,282	1,491

NOTE No. "11"
Loans

Unsecured, Considered Good Related Party	1,231	987
	1,231	987

NOTE No. "12"
Other Financial Assets

Accrued Interest Receivable	171	156
Other Receivables	31	190
Advance To Related Party	10,612	-
	10,814	346

NOTE No. "13"
Other Current Assets

Prepaid Expenses	629	689
Advances to Vendors	2,048	3,190
GST/VAT Receivable	1,371	91
Tax Deducted at Source	206	208
MAT Credit Entitlement	2,565	1,611
	6,819	5,789

* - Pledged as margin with banks against LC/BGs & DSRA

(` in Lakhs)

NOTE No. "14"		As on 31st March 2018	As on 31st March 2017
Equity Share capital			
Authorised Share Capital			
Equity Share Capital			
82,50,00,000 (Previous period 82,50,00,000) Shares of Rs. 10/- each		82,500	82,500
		82,500	82,500
Issued, subscribed and paid up capital			
Equity Share Capital			
2,310,82,225 (Previous period 2,005,82,225) Shares of Rs. 10/- each fully paid up		23,108	20,058
		23,108	20,058
Details of Shareholders Having More than 5% Shares	% of Shares	As on 31st March, 2018	As on 31st March 2017
Equity Shares			
Jaypee Uttar Bharat Vikas Private Limited	87.00%	200,050,000	200,050,000
Jaypee Development Corporation Limited	11.00%	25,000,000	-
Reconciliation of No. of Shares Outstanding		As on 31st March, 2018	As on 3 1st March 2017
Equity Shares			
Equity Shares Outstanding at the Beginning of the Year		200,582,225	200,582,225
Equity Shares Issued During the Year		30,500,000	-
Outstanding at the End of the Year		231,082,225	200,582,225

i) Equity Shares

During the year the company has issued 2,50,00,000 shares to Jaypee Development Corporation Limited and 55,00,000 shares to Jaypee Fertilizers & Industries Limited by conversion of Compulsarily Convertible Preference Shares (CCPS) as per terms of allotment of these CCPS. Each holder of Equity Share is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. The Board of Directors has not proposed dividend for the current/previous years.

In the event of liquidation, each share carries equal rights and will be entitled to receive equal amount per share out of the remaining amount available with the company after making preferential payments.

NOTE No. "15"		As on 31st March 2018	As on 31st March 2017
Other Equity			
(i) Equity Component of Financial Instrument			
Opening Balance		37,575	37,575
Addition during the Year		-	-
Less Conversion During the Year		6,100	-
Closing Balance		31,475	37,575
(ii) Reserves and Surplus			
(a) Surplus (Profit and Loss Balance)			
Opening Balance		1,442	(1,006)
Profit / (Loss) for the year		3,027	2,448
Closing Balance		4,469	1,442
(b) Security Premium Reserve			
Opening Balance		19,995	19,995
Addition during the Year		3,050	-
Closing Balance		23,045	19,995
Total Reserve & Surplus		27,514	21,437
iii) Other Comprehensive Income			
(a) Remeasurement of Defined benefit plan (Net of Tax)			
Opening Balance		204	170
Addition/Deduction during the Year		(26)	34
Closing Balance		178	204
Total Other Equity		59,167	59,216

On conversion of compulsorily convertible preference shares (CCPS) of Rs. 3,050 Lakhs/- held by Jaypee Development Corporation Limited and Jaypee Fertilizers & Industries Limited into Equity Share Capital of same value, the equivalent amount has been transferred to Security Premium Reserve Account, thus transferring Rs. 6,100 Lakhs from Equity Component of Financial Instrument.

(₹ in Lakhs)

NOTE No. "16"	As on 31st March 2018	As on 31st March 2017
Borrowings		
Secured		
Term Loans		
From Banks - ICICI Bank Limited (ERR - 14.34%), State Bank of India (ERR - 13.22%) & Yes Bank Ltd.	19,174	9,505
From Financial Institutions - India Infrastructure Finance Company Limited (ERR - 13.18%)	11,683	11,930
From NBFC - SREI Equipment Finance Limited	2,288	-
	33,145	21,435

The loan has been reinstated at fair value as per IND AS 32.

Security and Terms of repayment of secured loan from banks & financial institutions

- SBI - The repayment has started in 40 structured quarterly installment from June 30, 2015. The rate of interest is SBI MCLR + 3 % . The amount outstanding as at 31.03.2018 is Rs. 9,518 Lakhs(Previous Year-Rs. 11,928 Lakhs).
- IIFCL - The repayment has started in 48 structured quarterly installment from June 30, 2015. The rate of interest is SBI MCLR rate + 3 % . The amount outstanding as at 31.03.2018 is Rs 11,939 Lakhs (Previous Year - Rs. 12,288 Lakhs).
The loans are secured by way of first ranking pari passu charge on all Fixed Assets (Immovable & movable; both present & future) of the Company & second ranking pari passu charge on Current Assets (Both present & future) of the Company. These loans are further secured by way of pledge of 30% equity shares of the Company as held by Jaypee Uttar Bharat Vikas Private Limited on pari passu basis & shortfall undertaking of Jaiprakash Associates Limited.
- YBL - The Loan from YBL is secured by way of first pari passu charge on all immovable and movable fixed assets (both present & future), extension of pledge over 30% share capital of the company as held by JUBVPL and NDU over 44% share capital of Bhilai Jaypee Cement Limited (as pari passu basis with other facilities of the bank). The charge, pledge and NDU are yet to be created. The rate of interest is floating 0.10% (zero point one zero percent) ("spread") over & above the Bank's one year MCLR. The loan is repayable in 57 equal installments starting from June,2019. The amount outstanding as at 31.03.2018 is Rs. 11,000 Lakhs (Previous Year - Nil).
- SREI - The loan from SREI is secured by way of subservient charge on current assets of the company. The rate of interest is 10% p.a. The repayment is in 34 equated installments starting from December, 2017.
- ICICI Bank Ltd. - Nil. The loan has been repaid in full during the current financial year.

NOTE No. "17"
Other Financial Liabilities

Security and Other Deposits	1,181	1,245
	1,181	1,245

NOTE No. "18"
Long Term Provisions
Provision for Employee Benefit

Gratuity	198	176
Leave Encashment	170	170
	368	346

NOTE No. "19"
Deferred Tax Liabilities (Net)
Deferred Tax Liabilities on Account of

Timing Difference in Fixed Assets	5,883	5,465
	5,883	5,465

Deferred Tax Assets on Account of

Employee Benefit	159	151
Others	1,908	2,798
	2,067	2,949
	3,816	2,516

(` in Lakhs)

NOTE No. "20"	As on 31st March 2018	As on 31st March 2017
Borrowings		
From Banks (Secured)		
State Bank of India	37,938	39,598
ICICI Bank Ltd	5,458	4,849
Yes Bank Ltd (YBL)	2,492	-
	<u>45,888</u>	<u>44,447</u>
i) A consortium of Banks comprising State Bank of India and ICICI Bank has sanctioned working capital facilities of Rs.72,000 Lakhs (both Fund Based and Non Fund Based). These working capital facilities are secured by way of pari passu first charge on current assets comprising of stocks, stores & spares, stock in progress, finished goods, material in transit and book debts (both present & future) & pari passu second charge on Fixed assets (movable & immovable, both present & future).		
ii) Yes Bank Limited has sanctioned overdraft facility of Rs. 5,000 Lakhs (Rupees Fifty crores only). The facility is secured by way of subservient charge over current assets of the borrower, extension of pledge over 30% of share capital of Bhilai Jaypee Cement Limited held by JAL & NDU of 74% shares of Bhilai Jaypee Cement Limited (BJCL) to be provided by JAL. The charge, pledge and NDU are yet to be created.		

NOTE No. "21"

Trade Payables

Others	38,576	31,251
	<u>38,576</u>	<u>31,251</u>

Details relating to Micro, Small and Medium Enterprises is as under -

a) Principal amount	Nil	Nil
b) Interest thereon	Nil	Nil
c) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
d) The amount of interest due and payable for the period of delay in making payment without adding the interest specified	Nil	Nil
e) The amount of interest accrued and remaining unpaid as at March 31, 2018	Nil	Nil
f) The amount of interest remaining due and payable even in the succeeding years, until such date when the interest is actually paid	Nil	Nil

	As on 31st March 2018	As on 31st March 2017		As on 31st March 2018	As on 31st March 2017
NOTE No. "22"			NOTE No. "24"		
Other Financial Liabilities			Provisions		
Current Maturities of Long-Term Debt (Secured, Considered Good)			Gratuity	59	53
ICICI Bank Ltd	-	7,500	Leave Encashment	52	58
State Bank of India	1,344	2,352		<u>111</u>	<u>111</u>
India Infrastructure Finance Company Limited	256	256	NOTE No. "25"		
SREI Equipment Finance Limited	1,347	-	Current Tax Liability		
Payable on Account of Employees	408	391	Provision for Income Tax	937	769
Security and Other Deposits	157	144		<u>937</u>	<u>769</u>
Amount Payable to Related Parties	21	7,342	NOTE No. "26"		
Other Payable	4,030	11,663	Revenue from Operation		
	<u>7,563</u>	<u>29,648</u>	Sale of Products		
NOTE No. "23"			Urea Sale	40,122	39,446
Other Current Liabilities			Govt Subsidy- Urea	169,143	167,762
Statutory Taxes and Dues	309	505	Sale-Flyash	45	35
Advance Received from Customers	919	221		<u>209,310</u>	<u>207,243</u>
	<u>1,228</u>	<u>726</u>	Other operating revenue		
			Sale -Traded Product	7,582	7,931
			Govt Subsidy- DAP	3,445	3,390
				<u>11,027</u>	<u>11,321</u>
			Less : Discount	310	46
				<u>220,027</u>	<u>218,518</u>

(₹ in Lakhs)

Particulars	2017-18	2016-17
NOTE No. "27"		
Other Income		
Interest Income (Including Fair Value of Financial Liability at Amortised Cost)	817	295
Insurance Claim Received	-	2
Foreign Exchange Gain (Net)	133	-
Misc Receipts	92	16
	<u>1,042</u>	<u>313</u>

NOTE No. "28"
Cost of material Consumed

Raw Materials Consumed	119,283	102,086
Electricity Charges	46,364	47,284
Coal Consumed	4,167	3,792
Water charges	119	128
Bags Consumed	2,253	2,642
Store and Spares Consumed	2,269	4,667
Freight & Material Handling	128	237
Repairs & Maintenance - Plant	2,020	3,492
Testing and Analysis Fees	32	34
Naphtha Consumed	-	1,055
	<u>176,635</u>	<u>165,417</u>

NOTE No. "29"
Purchases of Stock-in-Trade

Imported DAP	8,830	9,036
Wheat seed	849	1,179
Calcium Nitrate	46	-
Zyme	179	91
Micro Nutrient	138	16
Sulphur	78	92
Zink Sulphate	120	160
Single Super Phosphate	4	67
Others	23	26
	<u>10,267</u>	<u>10,667</u>

NOTE No. "30"
Changes in Inventories of Finished Goods
Work-in-Progress
Opening Stock

Work-in-Progress	2,526	5,233
Finished Goods	4,948	5,542
	<u>7,474</u>	<u>10,775</u>

Closing Stock

Work-in-Progress	2,608	2,526
Finished Goods	9,931	4,948
	<u>12,539</u>	<u>7,474</u>
	<u>(5,065)</u>	<u>3,301</u>

(₹ in Lakhs)

Particulars	2017-18	2016-17
NOTE No. "31"		
Employee Benefit Expense		
Salaries and Wages	4,424	3,873
Contribution to Provident and Other Funds	207	177
Gratuity	51	22
Staff Welfare	162	169
	<u>4,844</u>	<u>4,241</u>

NOTE No. "32"
Finance Cost

Interest to Banks on Working Capital	5,054	5,578
Interest to Banks on Term Loan	4,434	5,408
Interest to Others	1,103	1,573
Financial Charges	153	200
	<u>10,744</u>	<u>12,759</u>

NOTE No. "33"
Depreciation and Amortization expense

Depreciation on Tangible Assets	7,383	7,309
Amortization of Intangible Assets	11	11
	<u>7,394</u>	<u>7,320</u>

NOTE No. "34"
Other expenses

Repairs & Maintenance - Others	767	687
Insurance	173	217
Rates & Taxes	137	63
Loading & Unloading Charges	1,230	1,434
Rent of Godown	150	53
Travelling & Conveyance Expenses	397	268
Postage, Telephone & Internet	41	50
Corporate Social Responsibility	68	26
Foreign Exchange Loss	-	69
Vehicle Running & Hiring Charges	195	190
Freight & Octroi Expenses	6,912	6,677
Advertising and Sales Promotion	138	249
Printing & Stationery	6	4
Legal & Professional	849	509
Bank Charges & LC/BG Commission	261	208
Safety & Security	360	318
Recruitment Charges	9	8
Horticulture and Gardening	85	43
Auditors Remuneration	7	5
Loss on Retirement of Fixed Assets	-	14
Miscellaneous Expenses	38	57
	<u>11,823</u>	<u>11,149</u>

NOTE No. "35"

1. Contingent Liability and Commitments not provided for in respect of

(` in Lakhs)

Particulars	2017-18	2016-17
a) Claims against the Disputed Liability (Including Tax) not acknowledged as Debt (TDS demand for the AY 12-13 on Bank Guarantee Commission is disputed and appeal has been filed with Commissioner Appeals against the order of DCIT - TDS. Regular assessments of AY 12-13 appeal with ITAT and AY 13-14 in appeal with CIT (Appeals)).	3,207	471
b) Outstanding Balances of Bank Guarantees	647	4,649
Margin Money deposited against the above	676	1,079
c) Outstanding Letters of Credit (including Foreign LCs)	8,011	8,000
Margin Money deposited against the above	828	807
d) Capital Commitments:	10,612	1,577
Estimated amount of Contract remaining to be executed on Capital Account and not provided for (net of Advances)		

2. Related Party Disclosure

Name of Related Party and Relationship

a) Holding Company

Jaypee Uttar Bharat Vikas Private Limited, Jaypee Fertilizers & Industries Limited & Jaiprakash Associates Limited

b) Fellow Subsidiary Companies

1. Jaypee Inftratech Limited (JIL)
2. Bhilai Jaypee Cement Limited
3. Himalyan Expressway Limited
4. Gujarat Jaypee Cement & Infrastructure Limited
5. Jaypee Ganga Infrastructure Corporation Limited
6. Jaypee Agra Vikas Limited
7. Jaypee Cement Corporation Limited
8. Himalyaputra Aviation Limited
9. Jaypee Assam Cement Limited
10. Jaypee Infrastructure Development Limited
11. Jaypee Healthcare Limited
12. Jaypee Cement Hockey (India) Limited
13. Jaiprakash Agri Initiatives Company Limited
14. Yamuna Expressway Tolling Limited

c) Associate Companies:

1. Jaiprakash Power Ventures Limited (JPVL)
2. Jaypee Powergrid Limited (JV subsidiary of JPVL)
3. Jaypee Arunachal Power Limited (wholly owned subsidiary of JPVL)
4. Sangam Power Generation Company Limited (wholly owned subsidiary of JPVL)
5. Jaypee Meghalaya Power Limited (wholly owned subsidiary of JPVL)
6. Bina Power Supply Limited (wholly owned subsidiary of JPVL)
7. MP Jaypee Coal Limited (JV Associate Co.)
8. MP Jaypee Coal Fields Limited (JV Associate Co.)
9. Madhya Pradesh Jaypee Minerals Limited (JV Associate Co.)
10. Jaypee Infra Ventures (A Private Company With Unlimited Liability) (JIV)
11. Jaypee Development Corporation Limited (JDCL) (wholly owned subsidiary of JIV)
12. Andhra Cements Limited (subsidiary of JDCL)
13. JIL Information Technology Limited (JILIT) (Subsidiary of JIV)
14. Gaur & Nagi Limited (wholly owned subsidiary of JILIT)
15. Jaypee International Logistics Company Private Limited (wholly owned subsidiary of JIV)
16. Tiger Hills Holiday Resort Private Limited (wholly owned subsidiary of JDCL)
17. Anvi Hotels Private Limited (subsidiary of JIV) (dissolved w.e.f. 16.07.16)
18. Indesign Enterprises Private Limited (IEPL) (subsidiary of JIV)

19. Ibonshourne Limited (subsidiary of IEPL w.e.f. 11.01.16)

20. RPJ Minerals Private Limited (RPJMPL)

21. Sarveshwari Stone Products Private Limited (wholly-owned subsidiary of RPJMPL)

22. Rock Solid Cement Limited (wholly-owned subsidiary of RPJMPL)

23. Sonebhadra Minerals Private Limited

d) KMP based Associate Companies

1. Jaiprakash Kashmir Energy Limited (KMP based Associate Co.) (controlled by Shri Manoj Gaur and his relatives)
[JAL holds 14.29% shares, Shri Manoj Gaur & his relatives hold 57.14% shares] [This company is in the process of striking off of name by ROC]
2. Ceekay Estates Private Limited (KMP based Associate Co.) (controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
3. Jaiprakash Exports Private Limited (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur/ Shri Sunny Gaur)
4. Bhumi Estate Developers Private Limited (KMP based Associate Co.) (Jointly controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur and also by relative of Shri Rahul Kumar)
5. Jaypee Jan Sewa Sansthan ('Not For Profit' Private Limited Company) (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur/ Shri Sunny Gaur)
6. Think Different Enterprises Private Limited (KMP based Associate Co.) (controlled by relative of Shri Manoj Gaur)
7. JC World Hospitality Private Limited (KMP based Associate Co.) (controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
8. JC Wealth & Investments Private Limited (KMP based Associate Co.) (Jointly controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
9. CK World Hospitality Private Limited (KMP based Associate Co.) (Jointly controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
10. First Light Estates Private Limited (Mrs. Rekha Dixit ji holds 55% shares in this company)

e) Key Managerial Personnel

1. Shri Manoj Gaur – Non Executive Chairman
2. Shri A.K. Jain – Vice Chairman & CEO
3. Shri Sunny Gaur – Non Executive Director
4. Ms. Sunita Joshi – Non Executive Director
5. Shri Sunil Joshi – Non Executive Director
6. Shri S.D.M. Nagpal – Non Executive Director
7. Shri S.C.K. Patne – Non Executive Director
8. Shri K.C. Ganjwal – Non Executive Director
9. Shri R.K. Pandey – Non Executive Director
10. Shri S.D. Nailwal – Non Executive Director
11. Shri Gaurav Jain – Whole-time Director
12. Shri Sudhir Rana – Chief Financial Officer
13. Smt. Suman Lata – Company Secretary

The Related Party Transactions are as follows:

(` in Lakhs)

Particulars	Related party	2017-18	2016-17
Expenditure			
Salary	Referred in (e) above	181	89
Car Hire Charges	Referred in (e) above	7	5
Reimbursement Towards Expenses	Referred in (a) above	268	300
Purchase of Goods & Services Received	Referred in (a & b) above	23,412	17,632
Outstanding Balances		As at March 31, 2018	As at March 31, 2017
Receivable	Referred in (a) above	11,011	987
Payable	Referred in (b) above	21	7,342

3. Financial Instrument

(i) Capital Management

The gearing ratios at the end of reporting year are as under:

(` in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Debt*	81,980	75,990
Cash and Bank Balances (including cash and bank balances in a disposal group held for sale)	4,474	3,239
Net Debt	77,506	72,751
Total Debt + Equity	1,59,781	1,52,025
Net Debt to Equity Ratio	48.51%	47.86%

*Debt is defined as long-term and short-term borrowings.

(ii) Categories of Financial Instruments

(` in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial Assets measured at Amortised Cost		
a) Cash and Cash Equivalent including Bank Balances	4,474	3,239
b) Loan	1,231	987
c) Other Financial Assets	10,838	1,013
d) Trade Receivable	78,385	85,804
Total	94,928	91,043

(` in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial Liabilities measured at Amortised Cost		
a) Long Term Borrowing	33,145	21,435
b) Short Term Borrowing	45,888	44,447
b) Trade Payable	38,576	31,251
c) Other Financial Liability	8,744	30,893
Total	1,26,353	1,28,026

(iii) Fair Value Measurement

(` in Lakhs)

Particulars	Fair Value on ERR of 13% as at		Fair Value Hierarchy	Valuation Technique(s) and Key Input(s)
	March 31, 2018	March 31, 2017		
Financial Assets				
Security Deposit	6	6	Level 2	
Financial Liabilities				
Borrowing	33,145	21,435	Level 2	
Security Deposit	1,181	1,245	Level 2	

(iv) Financial Risk Management

(a) Interest Rate Risk Management

The company is exposed to interest rate risk because company borrows funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.

The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(` in Lakhs)

Particulars	Interest Impact as at	
	March 31, 2018	March 31, 2017
If Increase by 50 Basis Point		
Impact on Profit or Loss for the year	(167)	(108)
Impact on Total Equity as at the end of the reporting period	(167)	(108)
If Decrease by 50 Basis Point		
Impact on Profit or Loss for the year	167	108
Impact on Total Equity as at the end of the reporting period	167	108

(b) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The contractual maturity is based on the earliest date on which the company may be required to pay.

(` in Lakhs)

Particulars	Weighted Average Effective Interest Rate (%)	Within 1 Year	1-5 Years	5 + Years	Total	Carrying Amount
As at March 31, 2018						
Borrowing	13	48,835	23,429	9,872	82,136	81,980
Trade Payables	13	38,576			38,576	38,576
Other Financial Liabilities	13	4,616		2,419	7,035	5,797
Total		92,027	23,429	12,291	1,27,747	1,26,353
As at March 31, 2017						
Borrowings	13	54,555	8,856	12,752	76,163	75,990
Trade Payables	13	31,251			31,251	31,251
Other Financial Liabilities	13	19,540		2,296	21,836	20,785
Total		1,05,346	8,856	15,048	1,29,250	1,28,026

- (v) The fair values of current debtors, bank balances, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

(` in Lakhs)

Particulars	Carrying Value as at	
	March 31, 2018	March 31, 2017
i) Financial Assets - Current		
Trade Receivables	78,385	85,804
Cash and Cash Equivalents	2,192	1,748
Bank Balances	2,282	1,491
Loans	1,231	987
Other Financial Assets	10,814	346
ii) Financial Liabilities - Current		
Borrowings	45,888	44,447
Trade Payables	38,576	31,251
Other Financial Liabilities	7,563	29,648

- (vi) The following list represents more than 5% of total balance of trade receivable:

(` in Lakhs)

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
1	FICC, Gol	69,245	79,680

(` in Lakhs)

Age of Receivables	As at March 31, 2018	As at March 31, 2017
0-30 days	17,087	19,009
31-60 days	37,021	22,151
61-75 days	44	7,514
76-180 days	11,601	15,076
181 days & above	12,632	22,054

- (vii) Deposits Liened With -

(` in Lakhs)

S.No.	TDR No.	Date of Deposit	Amount Rs.	Authorities, Pledged With
1	37232660663	12-10-2017	150	State Bank of India towards GAIL
2	37025292515	18-07-2017	725	State Bank of India towards DAP
3	37024509915	18-07-2017	100	State Bank of India towards GAIL
4	37043505395	27-07-2017	75	State Bank of India towards DAP
5	32944346915	16-04-2016	765	State Bank of India towards DSRA
6	36323846542	17-03-2017	5	State Bank of India towards DSRA
7	32999387721	15-02-2017	9	State Bank of India against Railways Bank Guarantee for online freight payment.
8	33761290416	31-03-2017	578	State Bank of India (e State Bank of Patiala) against SBLC to GAIL (India) Ltd.
9	34171397532	09-09-2016	534	State Bank of India towards DSRA
10	34898624286	28-04-2016	115	State Bank of India towards DSRA
11	36279409101	01-12-2016	3	State Bank of India against Bank Guarantee to U.PVAT
12	35817636993	06-06-2016	319	State Bank of India towards DSRA
13	36448895508	13-01-2017	88	State Bank of India against BG in favour of President Officer, Labour Court
14	714997318	01-04-2016	9	ICICI Bank Ltd. against Bank Guarantee to Sales Tax Authorities
15	714358239	01-04-2016	1	ICICI Bank Ltd. against Bank Guarantee to Punjab VAT
16	714425042	23-04-2016	572	ICICI bank Ltd. against BG to KESCO
17	32250645718	22-03-2012	-	State Bank of India against BG to Haryana VAT
18	32844977524	26-02-2013	3	State Bank of India UP Power Corporation Limited
19	34213211634	16-09-2014	12	State Bank of India UP Power Corporation Limited
	Total		4,063	

4. Previous year figures have been regrouped/ reclassified wherever found necessary to make them confirm to the current year classification.

**Summary of Significant Accounting Policies &
Notes to the Financial Statements**

"1" to "35"

For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N

Ravi Kumar
Partner
M. No. 508424

Place: New Delhi
Dated : 05.05.2018

Suman Lata
Company Secretary
FCS-4394

Sudhir Rana
Chief Financial Officer

For and on behalf of the Board

Manoj Gaur
Chairman
(DIN : 00008480)

A.K. JAIN
Vice Chairman & CEO
DIN: 01731920

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

	(` in Lakhs)	
Cash Flow Statement	2017-18	2016-17
A Cash Flows From Operating Activities		
Profit For the Year	4,340	3,561
Adjustments For:		
- Depreciation	7,394	7,320
- Interest and Finance Charges	10,744	12,758
- Loss on Fixed Assets Sold / Discarded	-	14
- Interest Income on Fixed Deposits	(817)	(245)
- Fair Value of Financial Liability at Amortised Cost	-	(51)
- Remeasurement of Actuarial Gain/Loss	(26)	33
Operating Profit Before Working Capital Changes	21,635	23,390
Adjustments for :		
- (Increase) / Decrease in Inventories	(4,929)	5,677
- (Increase) / Decrease in Trade Receivables	7,419	31,555
- (Increase) / Decrease in Other Financial Assets	(9,824)	(149)
- (Increase) / Decrease in Other Current Assets	(1,030)	(1,040)
- Increase / (Decrease) in Trade Payables	7,325	(24,191)
- Increase / (Decrease) in Other Current Liabilities	502	(508)
- Increase / (Decrease) in Other Financial Liabilities and Provision	(22,128)	596
- Change in Other Non Current Assets	-	-
Cash Generated From Operations	(1,030)	35,330
- Income Tax Refund/ (Paid)	156	(396)
Net Cash Flow Generated From Operating Activities	(874)	34,934
B Cash Flow From Investing Activities		
- Additions To PPE And Intangible Assets (Including Net Movement In CWIP)	(870)	(1,205)
- Interest Received	817	245
- Investment In Fixed Deposit	(791)	(607)
Net Cash Flows (Used In) Investing Activities	(844)	(1,567)
C. Cash Flow From Financing Activities		
- Proceeds/(Repayments) of Long Term Borrowings	11,710	(11,054)
- (Repayments Of) / Proceeds From Short Term Borrowings (Net)	1,440	(9,979)
- Loan to/from Related Party	(244)	215
- Interest And Finance Charges Paid	(10,744)	(12,501)
Net Cash Flows (Used In)/ Generated From Financing Activities	2,162	(33,319)
Net Change In Cash And Cash Equivalents (A+B+C)	444	48
Cash And Cash Equivalents- Opening Balance	1,748	1,700
Cash And Cash Equivalents- Closing Balance	2,192	1,748
Notes To Cash Flow Statement:		
Cash And Cash Equivalents Include :		
Cash on Hand	9	8
Balances with Banks:	2,183	1,740
Cash And Cash Equivalents At The End Of The Year [Refer Note No 9]	2,192	1,748

Summary of Significant Accounting Policies &

Notes to the Financial Statements

"1" to "35"

For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N

Ravi Kumar
Partner
M. No. 508424

For and on behalf of the Board

Manoj Gaur
Chairman
(DIN : 00008480)

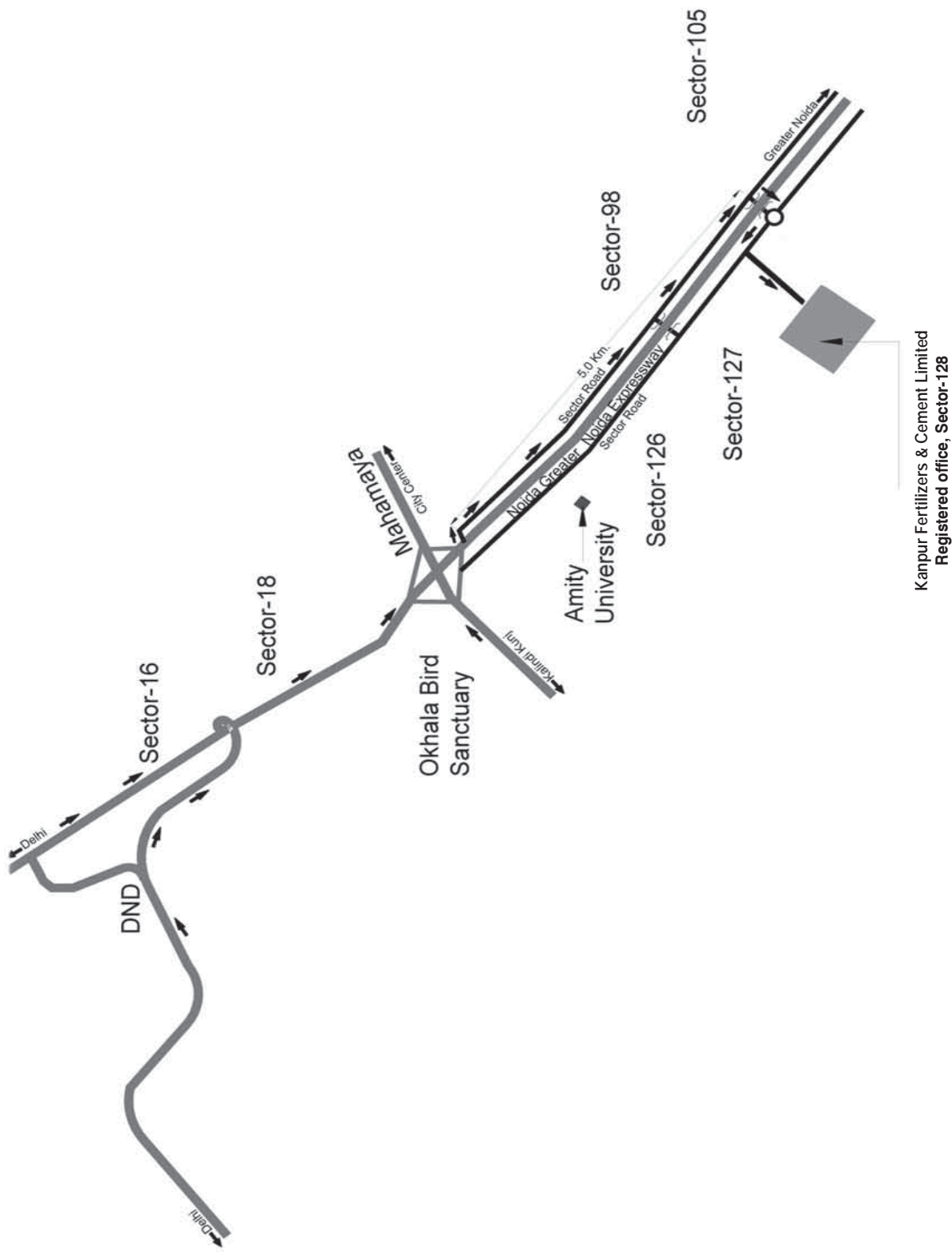
Place: New Delhi
Dated : 05.05.2018

Suman Lata
Company Secretary
FCS-4394

Sudhir Rana
Chief Financial Officer

A.K. JAIN
Vice Chairman & CEO
DIN: 01731920

Location Plan of Kanpur Fertilizers & Cement Limited, Registered office, Sector-128, Noida- 201304 (U.P.)



KANPUR FERTILIZERS & CEMENT LIMITED

CIN: U24233UP2010PLC040828

Registered Office : Sector-128, NOIDA-201 304 (U.P)

Telephone : +91 (120) 4609000, 2470800; Fax no. +91(120) 4609464, 4609496

ATTENDANCE SLIP

DP ID		FOLIO NO./CLIENT ID		NO. OF SHARES	
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Name(s) and address of the member/proxy in full : _____
I/We hereby record my/our presence at the 8th Annual General Meeting of the Company to be held on Thursday, the 30th August, 2018 at 12.00 Noon at the Registered office at Sector 128, Noida 201 304 (U.P), India.

☐

MEMBER

☐

PROXY

Signature of Member/Proxy

KANPUR FERTILIZERS & CEMENT LIMITED

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FORM NO.MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	U24233UP2010PLC040828
Name of the Company	KANPUR FERTILIZERS & CEMENT LIMITED
Registered Office	Sector-128, NOIDA-201 304 (U.P) Telephone: +91 (120) 4609000; Fax no. +91(120) 4609496

Name of the member(s)

Registered Address	
E-Mail ID	
DPID and Client ID /Folio No	

I/We, being the member(s) holding _____ shares of the above named Company, hereby appoint

1)	Name:			
	Address:			
	e-mail Id:		Signature	

or failing him

2)	Name:			
	Address:			
	e-mail Id:		Signature	

or failing him

3)	Name:			
	Address:			
	e-mail Id:		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **8th Annual General Meeting of the Company**, to be held on **Thursday, the 30th August, 2018 at 12.00 Noon at the Registered office at Sector – 128, Noida 201 304 (U.P.), India** and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business	
1	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2018 together with the Reports of Directors and Auditors thereon.
2	To appoint a Director in place of Shri Manoj Gaur (DIN: 00008480) , who retires by rotation and, being eligible, offers himself for re-appointment.
3	To appoint a Director in place of Shri Sunny Gaur (DIN: 00008293) , who retires by rotation and, being eligible, offers himself for re-appointment.
4	To appoint a Director in place of Ms. Sunita Joshi (DIN: 00025720) , who retires by rotation and, being eligible, offers himself for re-appointment.
5	To ratify appointment of M/s. Ravi Ranjan & Co., Chartered Accounts, Chartered Accountant (Firm Regn. No. 009073N) as Statutory Auditors and to fix their remuneration.
Special Business	
6	Ratification of Remuneration of M/s. Kabra & Associates, Cost Accountants, (Firm's Regn. no. 000075) , Cost Auditors for the Financial Year 2018-19.
7	Appointment of Shri S.D.M. Nagpal (DIN: 00131037) as Director
8	Appointment of Shri R.K. Pandey (DIN: 00190017) as Director
9	Re-appointment of Shri A.K. Jain (DIN: 01731920) as Whole-time Director to be designated as Vice-Chairman & CEO

Signed this ____ day of _____, 2018

Signature of Member :



Signature of Proxy holder(s) :

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a member of the Company

If undelivered please return to:

**KANPUR FERTILIZERS
& CEMENT LIMITED**

Registered & Corporate Office :- Sector-128, Noida-201 304, Distt. Gautam Budh Nagar (U.P.)
Tel.: +91 (120) 4609000, 2470800 **Fax:** +91 (120) 4963122