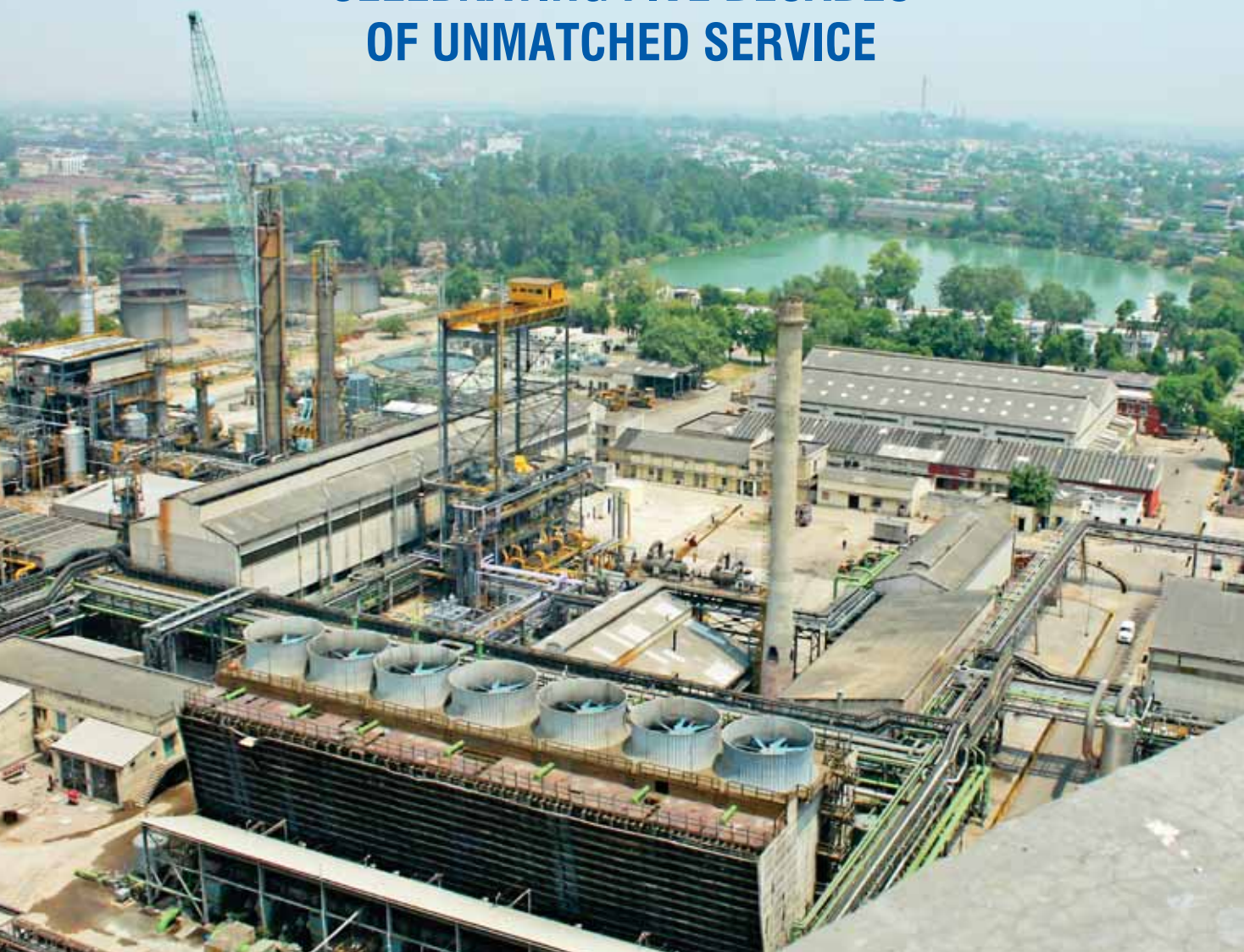




CELEBRATING FIVE DECADES OF UNMATCHED SERVICE



Annual Report 2018-19

**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
Ms. 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

Ms. Suman Lata

Statutory Auditors

M/s Ravi Rajan & Co.,
Chartered Accountants, New Delhi

Internal Auditors

M/s Awatar & Co.
Chartered Accountants, 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 110055
Tel: 91-11-42541234, 23541234
Fax: 91-11-23552001
E-mail: info@alankit.com
Website: alnakit.com

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NOTICE

Notice is hereby given that the **Ninth Annual General Meeting** of the Members of **KANPUR FERTILIZERS & CEMENT LIMITED** will be held on **Saturday, the 28th September, 2019 at 3.00 P.M.** at **Jaypee Institute of Information Technology, 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, 2019 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri Sunil Joshi (DIN: 00025798)**, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Shri S.D. Nailwal (DIN: 00008529)**, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri Gaurav Jain (DIN: 01102024)**, who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS :

5. 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, 2020, 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."

Regd. Office :

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

By Order of the Board of Directors

SUMAN LATA

COMPANY SECRETARY

FCS: 4394

Place : New Delhi

Date : 16th May, 2019

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. The requirement to place the matter relating to appointment of Statutory Auditors for ratification by members at every Annual General Meeting is done away vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no Resolution is proposed for ratification of appointment of Statutory Auditors, who were appointed in the Annual General Meeting held on 30th September, 2016 to hold their office till the conclusion of Annual General Meeting to be held in the year 2021.
4. 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.
5. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Resolution set out under Item No. 5 is annexed hereto.
6. 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.
7. The Register of Members and Share Transfer Books will remain closed from **Tuesday the 24th September, 2019 to Saturday the 28th September, 2019** (both days inclusive) for the purpose of Annual General Meeting.
8. 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.
9. 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.
10. 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.
11. 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.

12. 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.

13. 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 No. 5 of the accompanying Notice:

Item No. 5

The Board, on the recommendation of the Audit Committee, in its Meeting held on 16th May, 2019, 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 on 31st March, 2020.

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 on 31st March, 2020.

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. 5 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 : 16th May, 2019

SUMAN LATA
COMPANY SECRETARY
FCS: 4394

DIRECTORS' REPORT

To,

The Members,

The Directors of your Company are pleased to present the **Ninth Annual Report** together with the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2019.

1. FINANCIAL HIGHLIGHTS

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

(Rs. in Crores)

	Year ended 31.03.19	Year ended 31.03.18
(A) PROFITABILITY		
Gross Total Revenue	2475.06	2210.69
Profit before Interest, Depreciation & Tax	193.36	224.78
Less : Finance Cost	115.93	107.44
Less : Depreciation	74.03	73.94
Profit before Exceptional items & Tax	3.40	43.40
Exceptional/Extra-ordinary Items	–	–
Profit before Tax	3.40	43.40
Tax Expense	1.08	13.13
Profit after Tax	2.32	30.27
Other Comprehensive Income	-0.03	-0.26
Total Comprehensive Income	2.29	30.01
Basic Earnings Per Share	0.10	1.34
Diluted Earnings Per Share	0.07	0.86
(B) ASSETS & LIABILITIES		
Non Current Assets	946.22	972.22
Current Assets	1275.12	1178.66
Total Assets	2221.34	2150.88
Equity Share Capital	290.96	231.08
Other Equity	534.09	591.67
Non Current Liabilities	243.09	385.10
Current Liabilities	1153.20	943.03
Total Equity & Liabilities	2221.34	2150.88

2. OPERATIONAL PERFORMANCE

During the year under Report, due to various power failures from National Grid, the production was decreased and energy was increased. The Company has produced 6.73 Lakh MT Urea. Thus the plant has achieved 93% capacity utilization. Energy consumption has increased to 7.12 GCal per ton of urea from 6.96 GCal per ton of urea as compared to the previous year 2017-18. 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 2018-19, 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, 2019.

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, 2019 was Rs. 352,45,72,250/- (Rupees Three hundred fifty two crores forty five lakh seventy two thousand two hundred and fifty) comprising of 29,09,57,225 Equity Shares of Rs. 10/- each and 6,15,00,000 Convertible Preference Shares of Rs. 10/- each.

During the year under Report, 5,98,75,000 Convertible Preference Shares were converted into Equity Shares in accordance with terms of 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. 2,32,12,557/- (Rupees Two Crore Thirty Two Lakh Twelve Thousand Five Hundred Fifty Seven) only in Surplus of Profit & Loss Account and Rs. (2,51,415/-) (Negative Rupees Two Lakhs Fifty One Thousand Four Hundred Fifteen 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 Sunil Joshi, Shri S.D. Nailwal, and Shri Gaurav Jain, Directors of the Company would retire by rotation at the ensuing Annual General Meeting and being eligible; offer themselves for re-appointment.

7.1 Declaration by Independent Directors

The Company has received necessary declaration from each Independent 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 17th January, 2019, 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 Board that was necessary for the Board to effectively and reasonably perform their duties .

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 2018-19, on 5th May, 2018, 31st August, 2018, 15th December, 2018 and 10th February, 2019. 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 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:

- i. 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;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

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

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

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

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

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

- viii. Approving any subsequent modification of transactions of the company with related parties;

- ix. Scrutiny of inter-corporate loans and investments;

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

- xi. Evaluation of internal financial controls and risk management systems;

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

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

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

- xv. 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;

- xvi. Reviewing the following information:

- a) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;
- b) Internal audit reports relating to internal control weaknesses; and

- xvii. 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:

- i. 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. Authorize 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 is 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, 2019 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, 2019, 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, 2019 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. 30.34 Crores.

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 Ind AS 24 is set out in Point 2 of Note No. 34 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.

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, 2019, 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, 2019 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, 2019 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 16th May, 2019, 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 2019-20 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 2019-20 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 9th 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 2019-20.

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. Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively have been duly complied by your Company.

20. 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, 2019, is mentioned in **Annexure-VI** in the prescribed Form MGT-9 which forms part of this Report.

21. 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.

22. 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.

23. 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 form any of its subsidiaries.

24. ACKNOWLEDGEMENT

The Board of Directors express their gratitude for the valuable support extended by the Government of Uttar Pradesh, 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

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

Place : New Delhi
Date : 16th May, 2019

ANNEXURES TO THE DIRECTORS 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 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.

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 from 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. 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 the Company.

3.2 "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

3.3 **“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.

4. Policy:

4.1 Remuneration to Executive Directors and Key Managerial Personnel.

4.1.1 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.

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

4.1.3 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

4.1.4 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.

4.2 Remuneration to Non-Executive Directors

4.2.1 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.

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

4.3 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 2018-19 is placed below:

Rs./lacs

1.	Average Net profits of the Company for the last three Financial Years	:	Rs. 2420.42
2.	Prescribed CSR expenditure of the average Net profits	:	Rs. 48.41
3.	Amount spent towards CSR during the Financial Year	:	Rs. 57.50
4.	Amount unspent, if any	:	NIL
5.	Manner in which the amount spent during the Financial Year is detailed below:		

Rs./lacs

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 villages under Ekal Abhiyan	Bharat Lok Shiksha Parishad Kanpur(U.P)	2.00	School running programe	2.00	Through Implementing Agency
2	Construction of toilet from recycled plastic Board	Sanitation facilities	Inneewheel Club of Kanpur, Kanpur	2.21	Sanitation Services	2.21	Through Implementing Agency
3	Installation of Hand pumps (60 Nos.) in slum area villages at Kanpur	Making available safe drinking water	Villages at Kanpur	41.20	Drinking Water	27.29	Directly
4	Installation of Hand pumps (50 Nos.) in slum area villages at Jaunpur	Making available safe drinking water	Villages at Jaunpur		Drinking Water	23.00	Through Implementing Agency
5	Contribution to Lucknow Expression Society	Celebrating Indian art, music, theater, music etc.	Kanpur Literature Festival, Kanpur	3.00	Promotion of Art / Music etc.	3.00	Through Implementing Agency
Total				48.41		57.50	

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 2018-19, 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 : 16th May, 2019

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 2019 ("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 2019 according to the provisions of:

- (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 Byelaws 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:

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

Date: 16th May, 2019
Place : New Delhi

Membership Number FCS 2411
Certificate of Practice No. 1509

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, Nodia – 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. Wherever 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: 16th May, 2019
Place : New Delhi

D.P Gupta
Membership Number FCS 2411
Certificate of Practice No. 1509

(A) CONSERVATION OF ENERGY

Following steps were taken during year 2018-19 on conservation of energy

1) Ammonia Plant

	Steps taken	Impact on conservation of energy
1.	New NG pre heater in Ammonia-3 installed.	The low grade steam from condensate stripper is being used for heating the natural gas there by saving steam
2.	Dry Ice cleaning of exchangers in flue gas duct of Reformer.	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 CO ₂ removal section of Ammonia-3	Reduction in L.P. Regenerator pressure to designed value. Steam consumption has come down by 2-3 T/hr.
4.	Internal Cleaning of Synth Cooler tubes of Ammonia 3	With this cleaning, the temp of Synth Gas has come down resulting to saving Electrical Power.
5.	Thorough cleaning of MGG by removing ferrules and refractory	Steam Production increased, and lower import from CPP, resulting to saving Coal energy.
6.	Replacement of HTS Catalyst of Ammonia 3	CO Slip has reduced resulting to conserving of hydrogen gas and energy saving
7.	Refurbishment of Ammonia condenser of Howden Compressor.	Resulted in Power savings.

2) Urea Plant

1.	Upgradation of CO ₂ suction header to CO ₂ Compressors A&B	Electrical power savings in CO ₂ compressors.
2	Energy efficient motor for Ammonia injector.	Installed Energy efficient motor resulted in power saving.
3	Replacement of Aluminium Fan of Urea Prilling Tower with high efficiency FRP Fans.	Saving of Electrical energy
4.	Dust Chamber Urea-A nozzles upgradation.	Reduced losses of Ammonia and Urea in the form of dust from prilling tower.

3) Offsite Plant

1.	Cooling towers structural repair	Improved life and reduction of Cooling water Temp.
2.	Rationalisation of Inst Air consumption, there by stopping of One Compressor	Electrical energy savings.
3.	Replacement of low efficiency cooling water pumps with new pumps.	Electrical saving due to use of higher efficiency pumps.
4.	Increase of Cooling tower fan blade angles	Improvement of Draft there by Cooling Water Temperature reduced

4) Non-Plant Areas

1.	Replacement of plant light with LED based light.	NH ₃ , 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 38 KW grid connected solar roof top power plant on roof top of Admin Building	Electrical savings of 49932.00 KWH annually.

(B) DETAILS OF FOREIGN EXCHANGE OUTFLOW

S.N	Particulars	2018-19 (Rs. In Lakhs)	2017-18 (Rs. In Lakhs)
a)	Trading purchases and spares	1, 139	7,003
b)	Travelling	5	—

For and on behalf of the Board of Directors

Place: New Delhi
Date: 16th May, 2019

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2019
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the
Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & 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.
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	68.74%*	2(46)

* Percentage of Shares is based on control of more than one-half of the total voting power.

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. 01.04.2018				No. of Shares held at the end of the year 31.03.2019				i.e. % change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	0	0	0	0	0	0	0	0	0
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	205607549	0	205607549	88.98	265482549	0	265482549	91.24	2.26
d) Bank/Fl	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)	205607549	50000	205657549	89.00	265482549	50000	265532549	91.26	2.26
(2) Foreign									
a) NRI- 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. 01.04.2018				No. of Shares held at the end of the year 31.03.2019				i.e.	% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
b) Other Individuals	0	0	0	0	0	0	0	0.00	0	
c) Bodies Corp.	0	0	0	0	0	0	0	0.00	0	
d) Banks/Fl	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)	205607549	50000	205657549	89	265482549	50000	265532549	91.26	2.26	
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	0	0	0	0	0	0	0	0.00	0	
b) Banks/Fl	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	0	0	0	0.00	0	0	0	0.00	0	
i) Indian	25276074	27410	25303484	10.95	25275892	27410	25303302	8.70	- 2.25	
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0	
b) Individuals	0	0	0	0.00	0	0	0	0.00	0	
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	99065	1020	100085	0.04	98747	1020	99767	0.03	- 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)	0	0	0	0.00	0	0	0	0.00	0	
i) Non residents Indians	859	0	859	0.00	1359	0	1359	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):	25376929	28,535	25405464	10.99	25376929	28535	25405464	8.73	-2.26	
Total Public Shareholding (B)= (B)(1)+(B)(2)	25390641	34035	25424676	11.00	25390641	34035	25424676	8.73	-2.26	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0.00	0	
Grand Total (A + B + C)	230998190	84035	231082225	100.00	290873190	84035	290957225	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. 01.04.2018			Shareholding at the end of the year i.e. 31.03.2019			% 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	86.55	-	200,000,000	68.74	-	-17.81
2	Jaypee Fertilizers & Industries Limited	5607549	2.43		65,482,549	22.50		20.07
	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)	205,657,549	89.00		265,532,549	91.26		2.26

* 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.		Share holding at the beginning of the Year i.e. 01.04.2018			Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (2018-19)	
		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	86.55	0	-	No Movement	200,000,000	68.74
2	Jaypee Fertilizers & Industries Limited	5,607,549	2.43	10/2/2019	Increase	Conversion of Preference Shares	65,482,549	22.50
	B. Individuals							
1	Shri Manoj Gaur	8,000	-	0	-	No Movement	8,000	0.00
2	Shri Suren Jain	7,000	-	0	-	No Movement	7,000	0.00
3	Shri Sameer Gaur	7,000	-	0	-	No Movement	7,000	0.00
4	Shri S.D. Nailwal	7,000	-	0	-	No Movement	7,000	0.00
5	Shri Harish Vaid	7,000	-	0	-	No Movement	7,000	0.00
6	Shri Raj Sunder Kuchhal	7,000	-	0	-	No Movement	7,000	0.00
7	Shri Manmohan Sibbal	7,000	-	0	-	No Movement	7000	0.00
	Sub-Total (B)	50,000	0.02				50,000	0.02
	Total	205,657,549	89.00				265,532,549	91.26

(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. 01.04.2018		Cumulative Shareholding during the year (2018-19)	
		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	25,000,000	10.82	25,000,000	8.59
2	ISG Traders Limited	198,720	0.09	191,720	0.06
3	NRC Limited	35,903	0.02	35,903	0.01
4	Sewand Investments Limited	25,742	0.01	25,742	0.00
5	Golconda Investment Limited	-	0.00	20,000	0.00
6	Life Insurance corporation of India	13,479	0.01	13,479	0.00
7	Hitesh Ramji Javeri	6,750	0.00	6,750	0.00
8	Swaran Financial Private Limited	3,606	0.00	4,551	0.00
9	Andhra Bank	-	0.00	4,500	0.00
10	Gauri Prasad Goenka	3,300	0.00	3,548	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 01.04.2018		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year i.e 2018-19	
		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	7000	0.00	-	-	No Movement	7000	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
Indebtness at the beginning of the financial year i.e. 01.04.2018				
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
Change in Indebtedness during the financial year (2018-19)				
Additions	5,504	-	-	5,504
Reduction	11,607	-	-	11,607
Net Change	(6,103)	-	-	(6,103)
Indebtedness at the end of the financial year i.e. 31.03.2019				
i) Principal Amount	75,877	-	-	75,877
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	75,877	-	-	75,877

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

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.	7,968,900	8,768,872	16,737,772
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	780,968	780,968
	(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 (employee contribution to PF)	471,900	547,200	1,019,100
	Total (A)	8,440,800	10,097,040	18,537,840
	Ceiling as per the Act Rs. 1.20 cr for each director (In terms of Schedule V 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	220000	160000	0	0	0	0	0	0	0	380000
	(b) Commission										
	(c) Others, please specify										
	Total (1)	220000	160000	0	0	0	0	0	0	0	380000
2	(a) Fee for attending Board/ Committee Meetings by Non Executive Directors	0	0	100000	20000	80000	100000	40000	100000	160000	600000
	(b) Commission										
	(c) Others, please specify										
	Total (2)	0	0	100000	20000	80000	100000	40000	100000	160000	600000
	Total (B) = (1 + 2) *	220000	160000	100000	20000	80000	100000	40000	100000	160000	980000
	Total Managerial Remuneration (A + B)										19.517,840
	Overall Ceiling as per the Act.*	Rs. 1.00.000 per director/meeting.									

* 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.	3,203,920	2,132,677	5,336,597
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	32,400	32,400	64,800
	(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 (employee contribution to PF)	128,160	75,060	203,220
	Total	3,364,480	2,240,137	5,604,617

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: 16th May, 2019

MANOJ GAUR
(CHAIRMAN)
(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 2018-19:

(Amount in Rs.)

S. No.	Name	Designation	Remuneration	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Last Employment	Equity Shares held in the Company
1	Shri Gaurav Jain	Whole-time Director	10,097,040	MBA	14	05.05.2017	40	Jaypee Infratech Ltd.	NIL
2	Shri A.K Jain	V C & CEO	8,440,800	B.E.(Chemical)	46	25.05.2015	69	Jaiprakash Associates Ltd.	NIL
3	Shri Sudhir Rana	CFO	3,364,480	B.Com C.A.	32	01.11.2014	56	Sangam Power Generation Company Ltd.	NIL
4	Shri Harishchandra Lal Das	C GM	3,241,041	B. Tech	39	07.03.2016	63	Rashtriya Chemical Fertilizers	NIL
5	Shri Ganesh Mohan Tandon	Sr. Vice President	3,184,851	B. Tech	39	14.02.2017	64	Jaiprakash Associates Ltd.	NIL
6	Shri Ashok Kumar Shrivastava	Sr. Vice President	3,150,482	B.E., PGDM	39	03.02.2016	66	Jaiprakash Associates Ltd.	NIL
7	Shri Rakesh Kumar Singh	D GM	2,404,226	DIP. In Material Mgt.	28	24.04.2017	52	Arabian Cement	NIL
8	Shri Ashwani Omar	D GM	2,294,770	B. Tech	14	19.06.2014	38	Jaiprakash Power Ventures Ltd.	NIL
9	Shri Shashank Jain	C GM	2,265,275	B. Tech	24	01.11.2015	49	Jaiprakash Associates Ltd.	NIL
10	Shri Pankaj Shah	A GM	2,241,263	PG. DIP. In PM & IR	26	28.05.2012	51	Birla Tyres	NIL

B) Name of the employees working throughout the Financial Year 2018-19 and in receipt of remuneration not less than Rs. 1,02,00,000/- per annum and working for part of the Financial Year 2018-19 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: 16th May, 2019

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

INDEPENDENT AUDITOR'S REPORT**To The Members of Kanpur Fertilizers & Cement Limited Report on the Standalone Financial Statements****Unmodified Opinion**

We have audited the accompanying standalone financial statements of Kanpur Fertilizers & cement Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Standalone Financial Statements

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

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

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

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

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

- a. Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(1) of the Companies Act 2013, auditor are also responsible for expressing our opinion on whether the company has adequate internal financial control system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and

events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation or precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the

Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 standalone financial statements.
- ii. The Company is not required to make any provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund.

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

Jayanth. A
Partner (Membership No. 231549)

Place: New Delhi
Date: 16.05.2019

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kanpur Fertilizers & cement Ltd of even date)

- i. In respect of the Company's 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 exhaustive physical verification was carried during 2017 and the physical verification of fixed assets was not due for the current year.
 - (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 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. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and as per information and explanation provided to us, the procedure of physical verification 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. According to the information and explanations given to us, the Company has not granted unsecured loans covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable. The company has not granted any loans, or provided securities.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, reporting under clause (v) of 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 companies Act 2013. 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 Companies Act 2013, 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 cost records with a view to determine whether they are accurate and complete but we have relied upon the report submitted by the cost auditor for the FY 2017-18.
- vii. According to the information and explanations given to us, in respect of statutory dues:

The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

- (a) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

Name of the Statute	Nature of dues	Amount of Demand (in Lakhs)#	Assessment Year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Penalty	50.29	2012-13	CIT (Appeal)
Income Tax Act, 1961	Income Tax Penalty	304.00	2013-14	CIT (Appeal)

It is the net of the amount deposited against respective demands.

- viii. In our opinion, according to information and explanations give 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 loan were applied for the purpose for which the loans were obtained.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Ind AS financial statement as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to 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

Jayanth. A
Partner (Membership No. 231549)
Place: New Delhi
Date: 16.05.2019

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Kanpur Fertilizers & cement Ltd of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **Kanpur Fertilizers & Cement Limited** (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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

Jayanth. A

Partner (Membership No. 231549)

Place: New Delhi

Date: 16.05.2019

BALANCE SHEET AS ON 31ST MARCH,2019

(₹ in Lakhs)

Particulars	Note No	As on 31st March 2019	As on 31st March 2018
Assets			
Non Current Assets			
Property, Plant and Equipment	3	89,969	97,123
Capital Work in Progress	4	70	70
Goodwill		–	4
Financial Assets			
Other Financial Assets	5	4,575	24
Other Non Current Assets	6	8	1
		94,622	97,222
Current Assets			
Inventories	7	10,026	16,143
Financial Assets			
Trade Receivable	8	99,168	78,385
Cash and Cash Equivalents	9	631	2,192
Bank Balance other than above	10	269	2,282
Other Financial Assets	11	10,670	12,045
Other Current Assets	12	6,748	6,819
		127,512	117,866
		222,134	215,088
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	13	29,096	23,108
Other Equity	14	53,409	59,167
		82,505	82,275
Non Current Liabilities			
Financial Liabilities			
Borrowing	15	18,816	33,145
Other Financial Liabilities	16	1,195	1,181
Provisions	17	375	368
Deferred Tax Liabilities (Net)	18	3,923	3,816
		24,309	38,510
Current Liabilities			
Financial Liabilities			
Borrowings	19	51,392	45,888
Trade payables	20	52,037	38,576
Other Financial Liabilities	21	10,757	7,563
Other Current Liabilities	22	950	1,228
Provisions	23	87	111
Current Tax Liabilities(Net)	24	97	937
		115,320	94,303
Total		222,134	215,088

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

“1” to “34”

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

 (Jayanth. A)
Partner
M. No. 231549

 Place: New Delhi
Dated : 16.05.2019

 Suman Lata
Company Secretary
FCS-4394

For and on behalf of the Board

 Manoj Gaur
Chairman
(DIN : 00008480)

 Sudhir Rana
Chief Financial Officer

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

PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in Lakhs)

Particulars	Note No	2018-19	2017-18
Revenue From Operations	25	246,502	220,027
Other Income	26	1,004	1,042
Total Income		247,506	221,069
Expenses			
Cost of Materials Consumed	27	201,745	176,635
Purchases of Stock-in-Trade	28	2,817	10,267
Excise Duty		–	87
Changes in Inventories of Finished Goods & Work-in-Progress	29	6,790	-5,065
Employee Benefits Expense	30	5,401	4,844
Finance costs	31	11,593	10,744
Depreciation and amortization Expense	32	7,403	7,394
Other expenses	33	11,417	11,823
Total Expenses		247,166	216,729
Profit Before Exceptional Items and Tax		340	4,340
Exceptional Items		–	–
Profit Before Tax		340	4,340
Tax Expense:			
(1) Current Tax		97	937
(2) Mat Credit Entitlement		-97	-937
(3) Deferred Tax		108	1,313
Total Tax Expenses		108	1,313
Profit/(Loss) for the Period		232	3,027
Other Comprehensive Income			
Items that Will Not be Reclassified to Profit or Loss			
Remeasurements of the Defined Benefit Plans		-4	-38
Income Tax		1	12
Total Other Comprehensive Income		-3	-26
Total Comprehensive Income for the Period		229	3,001
Earnings per Equity Share			
(1) Basic		0.10	1.34
(2) Diluted		0.07	0.86

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

(Jayanth. A)
Partner
M. No. 231549

For and on behalf of the Board

Manoj Gaur
Chairman
(DIN : 00008480)

Place: New Delhi
Dated : 16.05.2019

Suman Lata
Company Secretary
FCS-4394

Sudhir Rana
Chief Financial Officer

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

Statement of Changes in Equity For The Year Ended 31st March, 2019
Equity
Particulars
a. Equity share capital

(₹ in Lakhs)

Balance as at 31st March 2018

23,108

Equity Share Issued During the Year

5,988

Balance as at 31st March, 2019

29,096

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 2018	31,475	23,045	4,469	178	59,167
Profit For the Year	–	–	232	–	232
Remeasurement of Defined Benefit Liability (Net of Tax)	–	–	–	(3)	(3)
Changes During The Year	(11,975)	5,988	–	–	(5,987)
Balance as at 31st March, 2019	19,500	29,033	4,701	175	53,409

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

“1” to “34”

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

For and on behalf of the Board

(Jayanth. A)
Partner
M. No. 231549

Manoj Gaur
Chairman
(DIN : 00008480)

Place: New Delhi
Dated : 16.05.2019

Suman Lata
Company Secretary
FCS-4394

Sudhir Rana
Chief Financial Officer

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

KANPUR FERTILIZERS & CEMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in Lakhs)

Cash Flow Statement	2018-19	2017-18
A Cash Flows From Operating Activities		
Profit For the Year	340	4,340
Adjustments For:		
– Depreciation	7,403	7,394
– Interest and Finance Charges	11,593	10,744
– Loss on Fixed Assets Sold / Discarded	8	–
– Unrealised foreign exchange loss / (gain) net	50	–
– Interest Income on Fixed Deposits	(885)	(817)
– Interest on Income Tax	101	–
– Remeasurement of Acturial Gain/Loss	(4)	(26)
Operating Profit Before Working Capital Changes	18,606	21,635
Adjustments for :		
– (Increase) / Decrease in Inventories	6,117	(4,929)
– (Increase) / Decrease in Trade Receivables	(20,833)	7,419
– (Increase) / Decrease in Other Financial Assets	(3,269)	(9,824)
– (Increase) / Decrease in Other Current Assets	147	(1,030)
– Increase / (Decrease) in Trade Payables	13,461	7,325
– Increase / (Decrease) in Other Current Liabilities	(278)	502
– Increase / (Decrease) in Other Financial Liabilities and Provision	3,181	(22,128)
– Change in Other Non Current Assets	(7)	–
Cash Generated From Operations	17,125	(1,030)
– Income Tax Refund/ (Paid)	(1,018)	156
Net Cash Flow Generated From Operating Activities	16,107	(874)
B Cash Flow From Investing Activities		
– Additions To PPE And Intangible Assets (Including Net Movement In CWIP & Proceed from Sale of Assets)	(252)	(870)
– Interest Received	979	817
– Investment In Fixed Deposit	2,012	(791)
Net Cash Flows (Used In) Investing Activities	2,739	(844)
C Cash Flow From Financing Activities		
– Proceeds/(Repayments) of Long Term Borrowings	(14,329)	11,710
– (Repayments Of) / Proceeds From Short Term Borrowings (Net)	5,504	1,440
– Interest And Finance Charges Paid	(11,582)	(10,988)
Net Cash Flows (Used In)/ Generated From Financing Activities	(20,407)	2,162
Net Change In Cash And Cash Equivalents (A+B+C)	(1,561)	444
Cash And Cash Equivalents- Opening Balance	2,192	1,748
Cash And Cash Equivalents- Closing Balance	631	2,192
Notes To Cash Flow Statement:		
Cash And Cash Equivalents Include :		
Cash on Hand	4	9
Balances with Banks:	627	2,183
Cash And Cash Equivalents At The End Of The Year [Refer Note No 9]	631	2,192

Summary of Significant Accounting Policies &

Notes to the Financial Statements

“1” to “34”

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

(Jayanth. A)
Partner
M. No. 231549

For and on behalf of the Board

Manoj Gaur
Chairman
(DIN : 00008480)

Place: New Delhi
Dated : 16.05.2019

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 realisable value. Cost is determined on weighted average basis. Cost comprises of purchase & other costs incurred in bringing them 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

1. The company manufactures urea and the price of the same is regulated by Government of India (GOI). The company sells urea to the Authorized dealers/agents at the rate notified by GoI from time to time and receives the subsidy at the notified rate in force.

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The Standard is applicable to the Company with effect from 1st April, 2018. Ind AS 115 supersede the current revenue recognition standard Ind AS 18 Revenue & Ind AS 11 Construction Contracts. Prior to 1st April, 2018, the company was recognizing revenue based on Ind AS 18.

Revenue from Contracts with Customers Ind AS 115 establishes a single comprehensive model (5 steps model) for entities to use in accounting for revenue arising from contracts with customers.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Ind AS 115 has no impact on the basis of recognition of

revenue as under Ind AS 18 also. The above steps were compiled within the recognition of revenue with regard to sales of Urea to the Authorized dealers/agents. The company deals with the authorized agents only and has entered into individual contract with them, meets the performance obligation when the urea reaches the dealer, sells at the government regulated price and recognizes the revenue on satisfying the said performance obligation.

2. 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.

Subsidy on Urea including freight has been accounted on the basis of notified concession prices as under:

- (i) the New Pricing Scheme – Stage III and New Investment Policy 2008 for the period from April 1, 2015 to May 31, 2015;
- (ii) New Urea Policy 2015 from June 1, 2015 onwards; and
- (iii) Uniform Freight Policy

Price and Freight subsidy is measured based on principle/ notifications received from Fertilizer Industry Coordination Committee (FICC), an office of Government of India which regulates such subsidy and the bills are raised based on such notifications. 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, if any based on final notification received 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 as per concession rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time and Freight subsidy has been accounted for in line with the policy.

Subsidy on City Compost is recognized based on rates, 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.

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.

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

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
Gross Block												
As at 31st March 2018	24,344	8,345	89,633	719	357	17	136	20	130	423	248	124,372
Additions	–	4	4	104	32	–	50	2	13	–	59	268
Disposals	–	–	22	6	3	–	1	–	–	–	14	46
As at 31st March, 2019	24,344	8,349	89,615	817	386	17	185	22	143	423	293	124,594
Accumulated Depreciation												
As at 31st March, 2018	–	1,159	25,064	533	155	12	57	10	40	107	112	27,249
Charge for the year	–	304	6,925	46	34	1	14	2	13	28	32	7,399
Disposals	–	–	7	2	–	2	1	–	–	–	11	23
As at 31st March, 2019	–	1,463	31,982	577	189	11	70	12	53	135	133	34,625
Net Block(As at 31st March, 2018)	24,344	7,186	64,569	186	202	5	79	10	90	316	136	97,123
Net Block(As at 31st March, 2019)	24,344	6,886	57,633	240	197	6	115	10	90	288	160	89,969

NOTE No. “4”
Goodwill

Cost or Deemed Cost	(₹ in Lakhs)
Gross Block	
As at 31st March 2018	53
Additions During the year	–
As at 31st March 2019	53
Accumulated Amortization	
As at 31st March 2018	49
Amortisation during the period	4
As at 31st March 2019	53
Net Block(As at 31st March 2018)	4
Net Block(As at 31st March 2019)	–
Capital Work in Progress (As at 31st March 2018)	70
Capital Work in Progress (As at 31st March 2019)	70

Particulars	As on 31st March, 2019	As on 31st March 2018
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NOTE No. “5”
Other Financial Assets

Bank Deposits With More Than 12 Months Maturity *	1,396	9
Security Deposit	3,034	6
Other Receivables	145	9
* Pledged as margin with banks against LC/BGs & DSRA	4,575	24

NOTE No. “6”
Other Non-Current Assets

Prepaid Expenses	8	1
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NOTE No. “7”
Inventories

Raw Materials	563	381
Work in Progress	2,407	2,608
Finished Goods	3,342	9,931
Stores & Spares	3,714	3,223
	10,026	16,143

Particulars
**As on 31st
March, 2019**
**As on 31st
March 2018**
NOTE No. “8”
Trade Receivables

Others (Unsecured, Considered Good)	99,168	78,385
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NOTE No. “9”
Cash and Cash Equivalents

Balance with Banks	172	398
Term Deposit Account with Maturity of Less Than Three Months *	455	1,785
Cash in Hand	4	9
* Pledged as margin with banks against LC/BGs & DSRA	631	2,192

NOTE No. “10”
Other Bank Balances

Deposits with Maturity for Less Than 12 Months *	269	2,270
Security Deposit (withheld amount with bank)	–	12
* Pledged as margin with banks against LC/BGs & DSRA	269	2,282

NOTE No. “11”
Other Financial Assets

Accrued Interest Receivable	78	171
Other Receivables	598	31
Related Party	9,994	11,843
	10,670	12,045

NOTE No. “12”
Other Current Assets

Prepaid Expenses	159	629
Advances to Vendors	1,083	2,048
GST/VAT Receivable	2,591	1,371
Tax Deducted at Source	253	206
MAT Credit Entitlement	2,662	2,565
	6,748	6,819

(₹ in Lakhs)

NOTE No. "13"		As on 31st March, 2019	As on 31st March 2018
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
Preference Share Capital			
37,50,00,000 (Previous period 37,50,00,000) Shares of Rs. 10/- each		37,500	37,500
		120,000	120,000
Issued, subscribed and paid up capital			
Equity Share Capital			
2,909,57,225 (Previous period 2,310,82,225) Shares of Rs. 10/- each fully paid up		29,096	23,108
Details of Shareholders Having More than 5% Shares			
	% of Shares	As on 31st March, 2019	As on 31st March, 2018
Equity Shares			
Jaypee Uttar Bharat Vikas Private Limited	69%	200,050,000	200,050,000
Jaypee Fertilizers & Industries Limited	22%	65,482,549	5,607,549
Jaypee Development Corporation Limited	9%	25,000,000	25,000,000
Reconciliation of No. of Shares Outstanding			
		As on 31st March, 2019	As on 31st March 2018
Equity Shares			
Equity Shares Outstanding at the Beginning of the Year		231,082,225	200,582,225
Equity Shares Issued During the Year		59,875,000	30,500,000
Outstanding at the End of the Year		290,957,225	231,082,225
Equity Shares			
The Company has two classes of shares referred to as Equity Shares & Preference Shares having face value of Rs. 10/- each. Each holder of Equity Share is entitled to one vote per share. 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.			
The Paid up Equity Share Capital of the Company is held by Jaypee Uttar Bharat Vikas Private Limited (Holding Company-69%) including 10,000 Equity Shares held in the name of subscribers to the memorandum as nominee of the Company, Jaypee Fertilizers & Industries Limited (22%) and Jaypee Development Corporation Limited (9%).			
The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. The Board of Directors has not proposed dividend for the current/previous years.			
During the year the company has issued 5,98,75,000 shares to Jaypee Fertilizers & Industries Limited by conversion of Compulsarily Convertible Preference Shares (CCPS) as per terms of allotment of these CCPS.			
NOTE No. "14"		As on 31st March, 2019	As on 31st March 2018
Other Equity			
(i) Equity Component of Financial Instrument			
Opening Balance		31,475	37,575
Less Conversion During the Year		11,975	6,100
Closing Balance		19,500	31,475
On conversion of Compulsorily Convertible Preference Shares (CCPS) held by Jaypee Fertilizers & Industries Limited into Equity Share Capital of Rs. 5,988 Lakhs, the equivalent amount has been transferred to Security Premium Reserve Account, thus transferring total Rs. 11,975 Lakhs from Equity Component of Financial Instrument.			
(ii) Reserves and Surplus			
(a) Surplus (Profit and Loss Balance)			
Opening Balance		4,469	1,442
Profit / (Loss) for the year		232	3,027
Closing Balance		4,701	4,469
(b) Security Premium Reserve			
Opening Balance		23,045	19,995
Addition during the Year		5,988	3,050
Closing Balance		29,033	23,045
Total Reserve & Surplus		33,734	27,514
iii) Other Comprehensive Income			
(a) Remeasurement of Defined benefit plan (Net of Tax)			
Opening Balance		178	204
Addition/Deduction during the Year		(3)	(26)
Closing Balance		175	178
Total Other Equity		53,409	59,167

(₹ in Lakhs)

Particulars	As on 31st March, 2019	As on 31st March 2018
NOTE No. "15"		
Borrowings		
Secured		
Term Loans		
From Banks - Yes Bank Ltd. (YBL) & State Bank of India (SBI).	7,333	19,174
From Financial Institutions - India Infrastructure Finance Company Limited (IIFCL) (EIR - 13.18%)	10,682	11,683
From NBFC - SREI Equipment Finance Limited (SREI)	801	2,288
	18,816	33,145

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 - Nil. The loan has been repaid in full during the current financial year.(Previous Year - Rs. 9,576 Lakhs).
- IIFCL - The repayment has started in 48 structured quarterly installment from June 30, 2015. The rate of interest is SBI MCLR + 3 % . The amount outstanding as at 31.03.2019 is Rs 11,276 Lakhs (Previous Year - 12,032 Lakhs).
This loan is 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. This loan is further secured by way of pledge of 30% equity shares of the Company as held by Jaypee Uttar Bharat Vikas Private Limited & shortfall undertaking of Jaiprakash Associates Limited.
- YBL - The Loan 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 and NDU over 44% share capital of Bhilai Jaypee Cement Limited (on pari passu basis with other facilities of the bank). 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 12 equal quarterly installments starting from June,2019. The amount outstanding as at 31.03.2019 is Rs. 11,000 Lakhs (Previous Year - 11,000 Lakhs).
- SREI - The loan 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. The amount outstanding as at 31.03.2019 is Rs. 2,293 Lakhs (Previous Year - 3,639 Lakhs).

NOTE No. "16"
Other Financial Liabilities

Security and Other Deposits	1,195	1,181
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NOTE No. "17"
Long Term Provisions
Provision for Employee Benefit

Gratuity	197	198
Leave Encashment	178	170
	375	368

NOTE No. "18"
Deferred Tax Liabilities (Net)
Deferred Tax Liabilities on Account of

Timing Difference in Fixed Assets	6,108	5,883
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Deferred Tax Assets on Account of

Employee Benefit	154	159
Others	2,031	1,908
	2,185	2,067
	3,923	3,816

(₹ in Lakhs)

Particulars	As on 31st March, 2019	As on 31st March 2018
NOTE No. "19"		
Borrowings		
From Banks (Secured)		
State Bank of India (SBI)	39,927	37,938
ICICI Bank Ltd	7,499	5,458
Yes Bank Ltd (YBL)	3,966	2,492
	<u>51,392</u>	<u>45,888</u>

- i) A consortium of Banks comprising State Bank of India and ICICI Bank has sanctioned working capital facilities of Rs.58,000 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) & second ranking pari passu charge on Fixed assets (movable & immovable, both present & future).
- ii) Yes Bank Limited has sanctioned overdraft facility of Rs. 5,000 Lakhs. 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% share capital of Bhilai Jaypee Cement Limited (BJCL) to be provided by JAL and personal guarantee of Sh. Manoj Gaur Ji. The pledge and NDU are yet to be created.

NOTE No. "20"

Trade Payables

Others	52,037	38,576
Details relating to Micro, Small and Medium Enterprises is as under -		
a) Principal amount	213	189
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, 2019	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 2019	As on 31st March 2018
NOTE No. "21"		
Other Financial Liabilities		
Current Maturities of Long-Term Debt (Secured, Considered Good)		
State Bank of India	-	1,344
India Infrastructure Finance Company Limited	512	256
Yes Bank Ltd.	3,667	-
SREI Equipment Finance Limited	1,490	1,347
Payable on Account of Employees	390	408
Security and Other Deposits	206	157
Amount Payable to Related Parties	109	21
Other Payable	4,383	4,030
	<u>10,757</u>	<u>7,563</u>

NOTE No. "22"

Other Current Liabilities

Statutory Taxes and Dues	479	309
Advance Received from Customers	471	919
	<u>950</u>	<u>1,228</u>

	As on 31st March 2019	As on 31st March 2018
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NOTE No. "23"

Provisions

Gratuity	48	59
Leave Encashment	39	52
	<u>87</u>	<u>111</u>

NOTE No. "24"

Current Tax Liability

Provision for Income Tax	97	937
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NOTE No. "25"

Revenue from Operation

Sale of Products

Urea Sale	37,226	40,122
Govt Subsidy- Urea	206,169	169,143
Sale-Flyash	33	45
	<u>243,428</u>	<u>209,310</u>

Other operating revenue

Sale -Traded Product	3,306	7,582
Govt Subsidy- DAP	-	3,445
	<u>3,306</u>	<u>11,027</u>
Less : Discount	232	310
	<u>246,502</u>	<u>220,027</u>

(₹ in Lakhs)

Particulars	2018-19	2017-18
NOTE No. "26"		
Other Income		
Interest Income (including fair value of financial liability at amortised cost)	885	817
Foreign Exchange Gain (Net)	(50)	133
Misc Receipts	169	92
	<u>1,004</u>	<u>1,042</u>

NOTE No. "27"
Cost of material Consumed

Raw Materials Consumed	150,563	119,283
Electricity Charges	39,578	46,364
Coal Consumed	4,190	4,167
Water charges	113	119
Bags Consumed	2,237	2,253
Store and Spares Consumed	3,092	2,269
Freight & Material Handling	36	128
Repairs & Maintenance - Plant	1,882	2,020
Testing and Analysis Fees	54	32
	<u>201,745</u>	<u>176,635</u>

NOTE No. "28"
Purchases of Stock-in-Trade

Imported DAP	-	8,830
Wheat seed	1,282	849
Calcium Nitrate	186	46
Zyme	556	179
Micro Nutrient	230	138
Sulphur	215	78
Zink Sulphate	182	120
City Compost	92	-
Ferrous Sulphate	46	-
Single Super Phosphate	-	4
Others	28	23
	<u>2,817</u>	<u>10,267</u>

NOTE No. "29"
Changes in Inventories of Finished Goods
Work-in-Progress
Opening Stock

Work-in-Progress	2,608	2,526
Finished Goods	9,931	4,948
	<u>12,539</u>	<u>7,474</u>

Closing Stock

Work-in-Progress	2,407	2,608
Finished Goods	3,342	9,931
	<u>5,749</u>	<u>12,539</u>
	<u>6,790</u>	<u>(5,065)</u>

(₹ in Lakhs)

Particulars	2018-19	2017-18
NOTE No. "30"		
Employee Benefit Expense		
Salaries and Wages	4,789	4,424
Contribution to Provident and Other Funds	255	207
Gratuity	65	51
Staff Welfare	292	162
	<u>5,401</u>	<u>4,844</u>

NOTE No. "31"
Finance Cost

Interest to Banks on Working Capital	5,998	5,054
Interest to Banks on Term Loan	3,819	4,434
Interest to Others	1,623	1,103
Financial Charges	153	153
	<u>11,593</u>	<u>10,744</u>

NOTE No. "32"
Depreciation and Amortization expense

Depreciation on Tangible Assets	7,399	7,383
Amortization of Intangible Assets	4	11
	<u>7,403</u>	<u>7,394</u>

NOTE No. "33"
Other expenses

Repairs & Maintenance - Others	720	767
Insurance	117	173
Rates & Taxes	109	137
Loading & Unloading Charges	1,235	1,230
Rent of Godown	52	150
Travelling & Conveyance Expenses	273	397
Postage, Telephone & Internet	35	41
Corporate Social Responsibility	64	68
Vehicle Running & Hiring Charges	196	195
Freight & Octroi Expenses	7,009	6,912
Advertising and Sales Promotion	89	138
Printing & Stationery	7	6
Legal & Professional	568	849
Bank Charges & LC/BG Commission	209	261
Safety & Security	366	360
Recruitment Charges	4	9
Horticulture and Gardening	114	85
Auditors Remuneration	9	7
Fair value of Financial Liability at amortised cost	139	-
Loss on Retirement of Fixed Assets	8	-
Bad Debts Written Off	50	-
Miscellaneous Expenses	44	38
	<u>11,417</u>	<u>11,823</u>

KANPUR FERTILIZERS & CEMENT LIMITED

NOTE No. "34"

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

(₹ in Lakhs)

Particulars	2018-19	2017-18
a) Claims against the Disputed Liability (Including Tax) not acknowledged as Debt (Income Tax 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)).	354	818
b) Labour Court Cases	3,776	2,389
c) Outstanding Balances of Bank Guarantees	648	647
Margin Money deposited against the above	772	676
d) Outstanding Letters of Credit (including Foreign LCs)	8,000	8,011
Margin Money deposited against the above	875	828
e) Capital Commitments:		
Estimated amount of Contract remaining to be executed on Capital Account and not provided for (net of Advances)	-	10,612

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 Infratech 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. Prayagraj Power Generation Limited (subsidiary of JPVL)
6. Jaypee Meghalaya Power Limited (wholly owned subsidiary of JPVL)
7. Bina Power Supply Limited (wholly owned subsidiary of JPVL)
8. MP Jaypee Coal Limited (JV Associate Co.)

9. MP Jaypee Coal Fields Limited (JV Associate Co.)

10. Madhya Pradesh Jaypee Minerals Limited (JV Associate Co.)

11. Jaypee Infra Ventures (A Private Company With Unlimited Liability) (JIV)

12. Jaypee Development Corporation Limited (JDCL) (wholly owned subsidiary of JIV)

13. Andhra Cements Limited (subsidiary of JDCL)

14. JIL Information Technology Limited (JILIT) (Subsidiary of JIV)

15. Gaur & Nagi Limited (wholly owned subsidiary of JILIT)

16. Jaypee International Logistics Company Private Limited (wholly owned subsidiary of JIV)

17. Tiger Hills Holiday Resort Private Limited (wholly owned subsidiary of JDCL)

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. Ceekay Estates Private Limited (KMP based Associate Co.) (controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
2. Jaiprakash Exports Private Limited (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur/ Shri Sunny Gaur)
3. Jaiprakash Kashmir Energy Limited [dissolved w.e.f. 07.08.2018]. (KMP based Associate Co.)
4. Jaypee Jan Sewa Sansthan ('Not For Profit' Private Limited Company) (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur/ Shri Sunny Gaur)
5. Think Different Enterprises Private Limited (KMP based Associate Co.) (controlled by relative of Shri Manoj Gaur)
6. JC World Hospitality Private Limited (KMP based Associate Co.) (controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)

7. JC Wealth & Investments Private Limited (KMP based Associate Co.) (Jointly controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
8. CK World Hospitality Private Limited (KMP based Associate Co.) (Jointly controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
9. First Light Estates Private Limited (KMP based Associate Co.) (Controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
10. Librans Venture Private Limited (KMP based Associate Co.) (it was dissolved w.e.f. 27.04.17 but was again activated) (Jointly controlled by relative of Shri Manoj Gaur/ Shri Sunny Gaur)
11. Jaypee Hotels Limited (JAL, Holding Company KMP based Associate Co.). Shri Rahul Kumar, who held 3% shares in JHL, resigned as Director of JAL w.e.f. 31.07.17. Thus holding of Directors of JAL & their relatives reduced to below 50% on 31.07.17. Thus, as per Ind AS 24, it is no more a KMP based Associate Co. w.e.f. 01.08.17.).
12. Jaypee Technical Consultants Private Limited (JAL, Holding Company KMP based Associate Co.)
13. Samvridhi Advisors LLP ((JAL, Holding Company KMP based partnership firm)
14. Kram Infracon Private Limited (KIPL) (JAL, Holding Company KMP based Associate Co.)
15. AVU Enterprises Private Limited (JAL, Holding Company KMP based Associate Co.)
16. Akasva Associates Private Limited (JUBVPL, Holding Company KMP based Associate Co.)
17. Akasva Infrastructure Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
18. Gandharv Buildcon Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
19. Viaan Technologies Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
20. Renaissance Lifestyle Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
21. Lucky Strikes Financiers Private Limited (KMP based Associate Co.)
22. Sandhar Infosystems Private Limited(KMP based Associate Co.)
23. Sandhar Hospitality (A Partnership firm) (KMP based Associate Co.)
24. Sparton Growth Fund Private Limited (KMP based Associate Co.)

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

f) Key Managerial Personnel of JUBVPL

1. Shri Suren Jain - Chairman
2. Shri S.D.M. Nagpal – Non Executive Director
3. Shri R.K. Pandey – Non Executive Director
4. Shri S.D. Nailwal – Non Executive Director

g) Key Managerial Personnel of JFIL

1. Shri Sunil Kumar Sharma - Chairman
2. Shri G.P. Gaur - Director
3. Ms. Sunita Joshi - Director
4. Shri Sunil Joshi - Whole-time Director
5. Shri S.L. Mohan - Director
6. Shri Amit Sharma - Director
7. Shri S.D. Nailwal - Director

h) Key Managerial Personnel of JAL

1. Shri Jaiprakash Gaur (w.e.f. 19.05.2018)
2. Shri Manoj Gaur
3. Shri Sunil Kumar Sharma
4. Shri Suresh Chand Rathi, (LIC Nominee)
5. Shri Shailesh Verma, (SBI Nominee) (ceased to be Director w.e.f.18.05.2018)
6. Shri Raj Narayan Bhardwaj
7. Shri Basant Kumar Goswami (Resigned w.e.f. 22.11.2018)
8. Ms. Homai A. Daruwalla
9. Shri Kailash Nath Bhandari
10. Shri Satish Charan Kumar Patne
11. Shri Chandra Prakash Jain
12. Shri Keshav Prasad Rau
13. Shri Tilak Raj Kakkar
14. Shri Sunny Gaur
15. Shri Pankaj Gaur
16. Shri Ranvijay Singh
17. Shri Subrat Kumar Mohapatra (IDBI Nominee till 12.02.2018)
18. Shri Rahul Kumar (till 31.07.2017)
19. Shri Subhash Chandra Bhargava (till 22.04.2017)
20. Shri S.K. Thakral, Chief Financial Officer
21. Shri M.M. Sibbal, Company Secretary

KANPUR FERTILIZERS & CEMENT LIMITED

The Related Party Transactions are as follows:

(₹ in Lakhs)

Particulars	Related party	2018-19	2017-18
Expenditure			
Salary	Referred in (e) above	229	181
Car Hire Charges	Referred in (e) above	7	7
Reimbursement Towards Expenses	Referred in (a) above	244	268
Purchase of Goods & Services Received	Referred in (a & b) above	23,886	23,412
Outstanding Balances		As at March 31, 2019	As at March 31, 2018
Receivable	Referred in (a) above	9,994	11,843
Payable	Referred in (b) above	109	21

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, 2019	As at March 31, 2018
Debt*	75,877	81,980
Cash and Bank Balances (including cash and bank balances in a disposal group held for sale)	900	4,474
Net Debt	74,977	77,506
Total Debt + Equity	1,57,482	1,59,781
Net Debt to Equity Ratio	47.61%	48.51%

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

(ii) Categories of Financial Instruments

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Assets measured at Amortised Cost		
a) Cash and Cash Equivalent including Bank Balances	900	4,474
b) Other Financial Assets	15,245	12,069
c) Trade Receivable	99,168	78,385
Total	1,15,313	94,928

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Liabilities measured at Amortised Cost		
a) Long Term Borrowing	18,816	33,145
b) Short Term Borrowing	51,392	45,888
c) Trade Payable	52,037	38,576
d) Other Financial Liability	11,952	8,744
Total	1,34,197	1,26,353

(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, 2019	March 31, 2018		
Financial Assets				
Security Deposit	3,034	6	Level 2	
Financial Liabilities				
Borrowing	18,816	33,145	Level 2	
Security Deposit	1,195	1,181	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 analysis 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, 2019	March 31, 2018
If Increase by 50 Basis Point		
Impact on Profit or Loss for the year	(95)	(167)
Impact on Total Equity as at the end of the reporting period	(95)	(167)
If Decrease by 50 Basis Point		
Impact on Profit or Loss for the year	95	167
Impact on Total Equity as at the end of the reporting period	95	167

(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, 2019						
Borrowing	13	57,060	11,208	7,692	75,960	75,877
Trade Payables	13	52,037			52,037	52,037
Other Financial Liabilities	13	5,088		2,303	7,391	6,283
Total		1,14,185	11,208	9,995	1,35,388	1,34,197
As at March 31, 2018						
Borrowings	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

KANPUR FERTILIZERS & CEMENT LIMITED

- (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, 2019	March 31, 2018
i) Financial Assets - Current		
Trade Receivables	99,168	78,385
Cash and Cash Equivalents	631	2,192
Bank Balances	269	2,282
Other Financial Assets	10,670	12,045
ii) Financial Liabilities - Current		
Borrowings	51,392	45,888
Trade Payables	52,037	38,576
Other Financial Liabilities	10,757	7,563

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

(₹ in Lakhs)

S.No	Particulars	As at March 31, 2019	As at March 31, 2018
1	FICC, Gol	91,977	69,245

(₹ in Lakhs)

Age of Receivables	As at March 31, 2019	As at March 31, 2018
0-30 days	19,529	17,087
31-60 days	13,486	37,021
61-75 days	105	44
76-180 days	56,340	11,601
181 days & above	9,708	12,632

- (vii) Deposits Liened With -

(₹ in Lakhs)

S.No.	TDR No.	Date of Deposit	Amount Rs.	Authorities, Pledged With
1	37232660663	12-10-2018	156	State Bank of India towards GAIL
2	37024509915	18-07-2018	104	State Bank of India towards GAIL
3	32999387721	15-05-2018	9	State Bank of India against Railways Bank Guarantee for online freight payment.
4	33761290416	31-03-2019	615	State Bank of India (e State Bank of Patiala) against SBLC to GAIL (India) Ltd.
5	36448895508	30-09-2018	98	State Bank of India against BG in favour of President Officer, Labour Court
6	714997318	23-03-2018	9	ICICI Bank Ltd. against Bank Guarantee to Sales Tax Authorities
7	714358239	23-05-2018	2	ICICI Bank Ltd. against Bank Guarantee to Punjab VAT
8	714425042	24-04-2018	654	ICICI bank Ltd. against BG to KESKO
9	32250645718	31-03-2018	1	State Bank of India against BG to Haryana VAT
10	32844977524	31-03-2018	4	State Bank of India UP Power Corporation Limited
11	34213211634	31-03-2018	13	State Bank of India UP Power Corporation Limited
12	34898624286	27-08-2018	119	State Bank of India, DSRA
13	36323846542	17-03-2019	5	State Bank of India, DSRA
14	35817636993	06-06-2018	331	State Bank of India, DSRA
	Total		2,120	

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

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

“1” to “34”

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

(Jayanth. A)
Partner
M. No. 231549

Place: New Delhi
Dated : 16.05.2019

Suman Lata
Company Secretary
FCS-4394

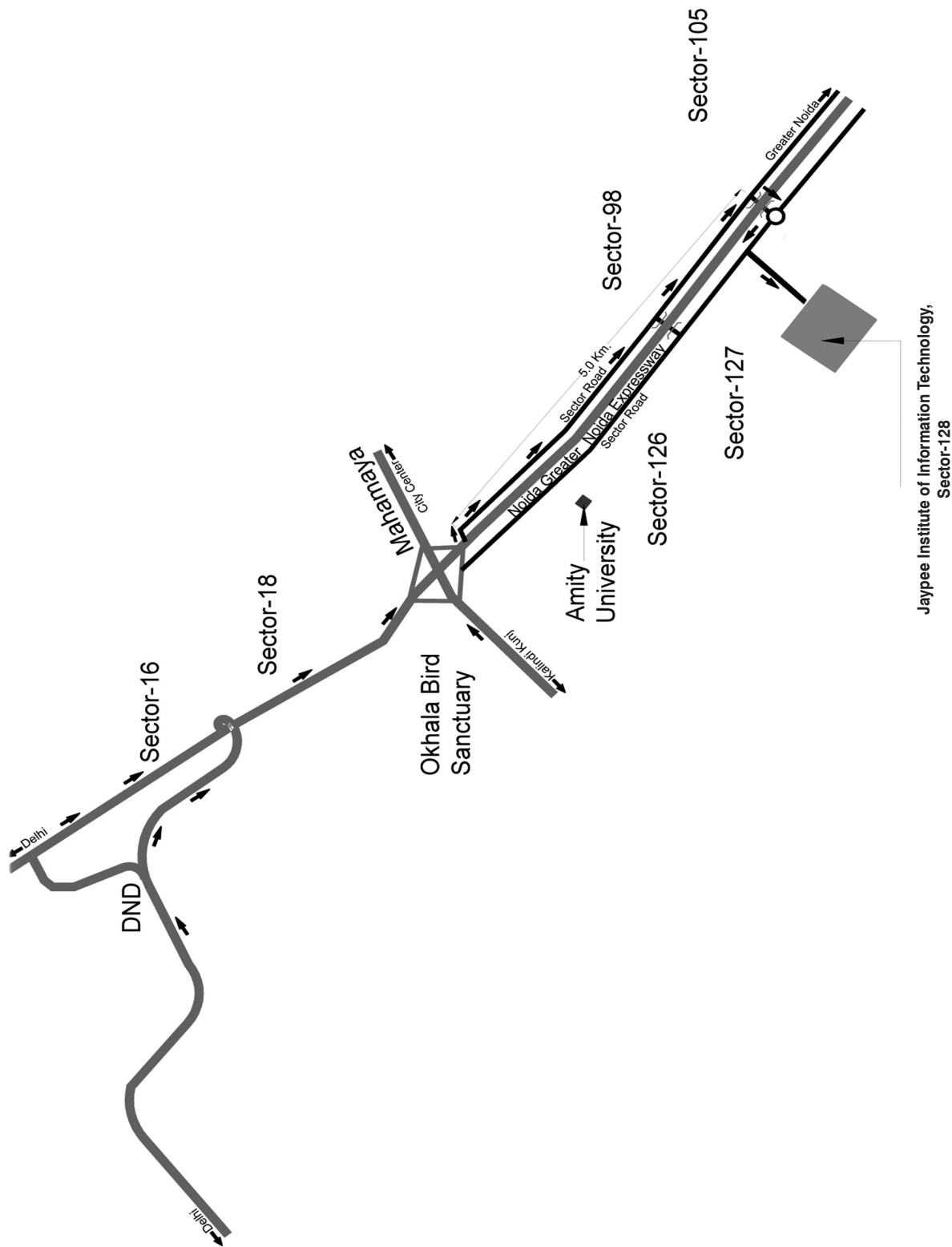
Sudhir Rana
Chief Financial Officer

For and on behalf of the Board

Manoj Gaur
Chairman
(DIN : 00008480)

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

Location Plan of Jaypee Institute of Information Technology, Sector-128, Noida- 201304 (U.P.)



[illegible]

Notes :

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 9th **Annual General Meeting of the Company to be held on Saturday, the 28th September, 2019 at 3.00 P.M. at Jaypee Institute of Information Technology, Sector 128, Noida 201 304 (U.P.), India.**

☐

MEMBER

☐

PROXY

Signature of Member/Proxy

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

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	
DP ID 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 **9th Annual General Meeting of the Company**, to be held on **Saturday, the 28th September, 2019 at 3.00 P.M. at Jaypee Institute of Information Technology, 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, 2019 together with the Reports of Directors and Auditors thereon.
2	To appoint a Director in place of Shri Sunil Joshi (DIN: 00025798) , who retires by rotation and, being eligible, offers himself for re-appointment.
3	To appoint a Director in place of Shri S.D. Nailwal (DIN: 00008529) , who retires by rotation and, being eligible, offers himself for re-appointment.
4	To appoint a Director in place of Shri Gaurav Jain (DIN: 01102024) , who retires by rotation and, being eligible, offers himself for re-appointment.
Special Business	
5	Ratification of Remuneration of M/s. Kabra & Associates, Cost Accountants, (Firm's Regn. no. 000075) , Cost Auditors for the Financial Year 2019-20.

Signed this ____ day of _____, 2019

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