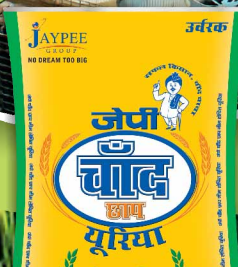


Annual Report 2022-23



**KANPUR FERTILIZERS
& CHEMICALS LIMITED**



Board of Directors

Shri Manoj Gaur, Chairman

Shri Alok Gaur, Joint Managing Director & CEO

Shri S.D. Nailwal

Ms. Sunita Joshi

Shri Anil Mohan

Shri K.V. Rajendran, Independent Director

Shri Ajit Kumar

Shri Devinder Singh Ahuja

Shri Vinod Sharma

Shri N. K. Grover, Independent Director

** Shri S.C.K. Patne ceased to be a Director w.e.f. 02.05.2023*

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Registered Office

Sector – 128, Noida 201 304 (U.P.)

CIN: U24233UP2010PLC040828

Tel.: +91 120 4609000; Email : kfcl.investor@jalindia.co.in

Website: www.kfclkanpur.com

Chief Financial Officer

Shri R.C. Sharma (Appointed w.e.f. 19.04.2023)

**Shri Sudhir Rana has resigned w.e.f. 31.03.2023*

Company Secretary

Ms. Ritu Gupta

Statutory Auditors

M/s Sharma Vats & Associates

Chartered Accountants

Internal Auditors

M/s Arpit Taneja & Associates

Chartered Accountants

Cost Auditors

M/s Kabra & Associates

Cost Accountants

Secretarial Auditor

M/s Anjali Yadav & Associates,

Company Secretaries

Registrar & Transfer Agent

Alankit Assignments Limited,

205-208 Anarkali Complex, Jhandewalan Extn.,

New Delhi 110055

Tel: 91-11-42541234, 23541234

Fax: 91-11-23552001

E-mail: info@alankit.com,

Website: www.alankit.com

BOARD'S REPORT

To

The Members,

The Directors of your Company are pleased to present the **Thirteenth Annual Report** together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023.

1. FINANCIAL SUMMARY

The working results of the Company for the Financial Year 2022-23 along with its comparison with the previous Financial Year are as under:

(Rs. in Crores)

	Year ended 31.03.2023	Year ended 31.03.2022
(A) PROFITABILITY		
1 Gross Total Revenue	3,203.17	2,592.12
2 Profit before Interest, Depreciation & Tax	180.36	155.28
3 Less : Finance Cost	67.79	61.15
4 Less : Depreciation	72.25	82.64
5 Profit before Exceptional items & Tax	40.32	11.49
6 Exceptional/Extra-ordinary Items	(0.48)	(0.04)
7 Profit before Tax	40.80	11.53
8 Tax Expense		
a) Current Tax	10.34	-
b) Deferred Tax	13.63	(9.53)
9 Profit after Tax	16.82	21.06
10 Other Comprehensive Income	0.09	0.04
11 Total Comprehensive Income	16.91	21.10
12 Basic Earnings Per Share	0.48	0.61
13 Diluted Earnings Per Share	0.48	0.60
(B) ASSETS & LIABILITIES		
1 Non Current Assets	711.05	730.90
2 Current Assets	995.74	1,106.43
3 Total Assets (1+2)	1,706.79	1,837.33
4 Equity Share Capital	352.46	343.46
5 Other Equity	465.08	457.17
6 Non Current Liabilities	49.20	174.48
7 Current Liabilities	840.05	862.22
8 Total Equity and Liabilities (4+5+6+7)	1,706.79	1,837.33

2. DIVIDEND

With a view to conserve the resources for the operations of the Company, your Directors have not recommended any dividend for the Financial Year 2022-23.

3. TRANSFER TO RESERVE

During the year under Report, your Company has not transferred any amount to General Reserve.

4. OPERATIONAL PERFORMANCE

During the year under Report, the Company was able to achieve 87% capacity utilization as against 93% last year. Energy consumption increased to 7.36 GCal/MT of urea from 7.15 GCal/MT of urea in the previous year.

Despite difficult and challenging time faced by the Company due to limitations imposed on gas supply and price fluctuations, the Company has earned a Revenue of Rs. 3,203.17 Crores during Financial Year 2022-23 as against Rs. 2,592.12 Crores earned during the previous Year 2021-22 and Profit before tax was Rs. 40.80 Crores as against Rs. 11.53 Crores during the Previous Financial Year.

With the Grace of God and due to consistent and untiring efforts of the Management and all the employees of the Company under the direction of Chairman and valuable guidance of the Board of Directors of the Company, the Company has prepaid all its debts upon receipt of arrears of subsidy from the Government of India.

Proposed Amalgamation of Jaypee Fertilizers & Industries Limited, Jaypee Uttar Bharat Vikas Private Limited with Kanpur Fertilizers & Chemicals Limited

Jaypee Fertilizers & Industries Limited (JFIL) and Jaypee Uttar Bharat Vikas Private Limited (JUBVPL) promoted as vehicles for implementation of Rehabilitation Scheme of Fertilizer Plant of Duncan Industries Limited (DIL) demerged in the Company, as approved by BIFR in 2012, have fulfilled their purpose and hence are proposed to be merged with the Company.

The Board of Directors of the Company has granted its in-principle approval for amalgamation of JFIL and JUBVPL with the Company, based on the Audited Annual Financial Statements of the Company for the Financial Year ended March 31, 2023. The beneficial interest in the Share Capital shall remain unaffected. Restructuring Committee constituted by the Board of Directors would take necessary actions in this regard.

Subsidy matter

In the month of October, 2021, in a sudden move, energy norms of 6.5 GCal/MT for computation of subsidy were applied retrospectively. The Company made a representation to the Ministry of Chemicals and Fertilizers as this would be a death knell for the Company when all along it was assured that energy norms of not less than 7.424 GCal/MT shall be applied for vintage category plant as per the recommendation of Niti Aayog for subsidy computation.

The Chairman has been leading this initiative of relentlessly representing the viability of the plant and norms which would allow uninterrupted operation of the plant which is producing urea, a vital ingredient for meeting the food requirement of the Country and employing around 5000 persons (directly and indirectly) in the state of U.P. The Department of Fertilizers approved the applicability of energy norms after considering rationality of the representation, keeping in mind the food security of the Nation which can only be addressed by providing adequate fertilizers to the farmers of the Country. As per the Notification dated November 18, 2022 issued by the Department of Fertilizers, the revised energy norms for the Company for computation of subsidy were approved by Department of Fertilizers as under :

(i) 7.712 GCal/MT from October 1, 2020 to September 30, 2022

(ii) 7.685 GCal/MT from October 1, 2022 to March 31, 2023

Energy norms for computation of subsidy applicable to the Company are as per the policy in vogue i.e. 6.5 GCal/MT of urea from April 1, 2023. The Company's application for continuation of energy norms approved for the Company upto March 31, 2023 for next two years i.e. March 31, 2025 is under consideration of Department of Fertilizers. Discussions with the officials of Department of Fertilizers is continuing for running the plant upto March, 2025, based on the energy norms of not less than 7.424 GCal/MT which are reasonable and fair for a plant of such vintage category.

In February, 2023, the Company has received the arrears on account of deductions made from July, 2022 till third week of January, 2023. The Company has made prepayment of entire debt, in totality, to save interest and to make the Company debt free. Accordingly, entire term loan, Fund based and Non-fund based Working Capital loan stands paid with Nil outstanding as on March 31, 2023 as against peak amount of Rs. 1,262 Crores outstanding as on April 1, 2015.

Agroinnovation

In order to sustain the future operations, the Company will have to find suitable product(s) to sustain the future operations. Investment in upgrading the plant/installation for energy saving equipment entail investment of Rs.1,000 Crores (+), which the Company is not in a position to allocate, given the changing stance of Government of India (Gol) towards this sector.

Accordingly, the Board has decided to undertake Research & Development activities under Innovative Intellectual Property (IIP) Project in the Agri-tech and Agro-chemical sectors for development of suitable technology and products that are aimed at increasing the yield per hectare for farm sector of the Country keeping in view soil chemistry of the various agri zones and to help Gol efforts to reduce the dependence on imported fertilizers like Urea, DAP Potash, etc. and reduce the financial burden of subsidy on the exchequer for a self-reliant India, in line with clarion call of our Hon'ble Prime Minister under "Atmanirbhar Bharat".

History is replete that the robust Industry-Education linkage leads to Research, fostering of new concepts and breakthrough technologies which make impact to the Society and have numerous applications besides obvious benefits to all stakeholders. In this context, in the prevailing situation where Gol has been pushing new frontiers in technology innovation and digitalization, your Company cannot lag behind.

Jaypee Institute of Information Technology (JIIT), Noida along with Jaypee University of Information Technology (JUIT), Waknaghat and Jaypee University (JU), Anoopshahr is in the process of expanding its joint initiative and collaboration efforts by initiating a dialogue of constructive academic collaboration with leading Agricultural Universities and Institutions in Northern India viz. Y. S. Parmar University of Horticulture and Forestry, Solan, Himachal Pradesh; Chandrashekhar Azad University of Agriculture & Technology, Kanpur, U.P. and Indian Council for Agriculture

Research (ICAR), Pusa Road, New Delhi. The objective of such collaborative efforts between the Universities of Jaypee Higher Education System and leading Agricultural Universities of our Country is aimed at developing innovative and cost-effective solutions for the Indian Agriculture Sector by leveraging the domain knowledge of the Agricultural Universities and the Bio-technology as well as Data Analytics and the Computer Science Departments of the Jaypee Universities. The imaginative and intuitive power of young and bright students under the guidance of experienced and qualified faculty is also envisaged to be harnessed as part of this collaborative Agroinnovation Research initiative, which will be spearheaded by JIIT, Noida.

Agri-based research to be undertaken in the cradle of knowledge requires setting up of Research Centre which will have to factor trends of various agronomic zones of the Country, dovetail the Information Technology and Bio-Technology to arrive at solutions which have relevance for a Company which is seeking new products as well as wants to effectively participate in the Agri-extension sector as well.

Your Company has bestowed this task to the aforesaid consortium of Universities to establish state-of-art Agroinnovation Centre and has, in-principle, decided to commit funds towards this cause taking due cognizance of the CSR Committee of the Board in its Meeting held on April 19, 2023. In order to protect the interest of the Company, it has been documented that all Intellectual Property Rights (IPR) for all the products and processes that are invented/developed/innovated, as a result of this support, will vest with your Company only.

Material changes and commitments

Except as disclosed elsewhere in this Report, no material changes and commitments have occurred after the end of the Financial Year 2022-23, till the date of this Report, which may affect the financial position of the Company.

Change in the nature of business of the Company

There was no change in the nature of business of the Company during the period under report.

5. CAPITAL STRUCTURE

As on March 31, 2023, the Authorized Share Capital of the Company was Rs. 1200,00,00,000/- (Rupees Twelve Hundred Crores) divided into 82,50,00,000 (Eighty Two Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each, 35,00,00,000 (Thirty Five Crores) Convertible Preference Shares of Rs. 10/- (Rupees Ten) each and 2,50,00,000 (Two Crores Fifty Lakhs) Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten) each.

As on March 31, 2023, the Paid-up Share Capital of the Company was Rs. 352,45,72,250/- (Rupees Three Hundred Fifty Two Crores Forty Five Lakhs Seventy Two Thousand Two Hundred And Fifty) comprising of 35,24,57,225 (Thirty Five Crores Twenty Four Lakhs Fifty Seven Thousand Two Hundred Twenty Five) Equity Shares of Rs. 10/- (Rupees Ten) each.

During the year under report, 90,00,000 (Ninety Lakhs) Convertible Preference Shares of Rs. 10/- (Rupees Ten) each have been converted into 90,00,000 (Ninety Lakhs) Equity

Shares of Rs. 10/- (Rupees Ten) each, as per the terms of the issue, by the Board of Directors in its Meeting held on May 27, 2022.

During the year under Report, your Company has not issued any securities including 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.

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, neither has Associate Company within the meaning of Section 2(6) of the Companies Act, 2013 nor has any Joint Venture Company.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

7.1 APPOINTMENT/RE-APPOINTMENT/CESSATION

During the Financial Year 2022-23, till the date of the report, the following changes took place in the Directors of the Company:

- (a) Shri R.K. Pandey resigned from the office of Director w.e.f. August 1, 2022.
- (b) Based on the recommendation of Nomination and Remuneration Committee and Board of Directors, the Members of the Company have approved the re-appointment of Shri Krishnaswamy Venkatraman Rajendran as an Independent Director for a second term of 5(five) years, effective immediately after expiry of his current term i.e. from May 3, 2023 till May 2, 2028.
- (c) Shri Manoj Gaur and Shri Anil Mohan, Directors liable to retire by rotation and being eligible, were re-appointed as Directors of the Company in the last Annual General Meeting held on September 23, 2022.
- (d) Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors has appointed Shri Narinder Kumar Grover as an Additional Director (Independent Director) of the Company for a term of 5 consecutive years i.e. from September 24, 2022 to September 23, 2027. The Company has also received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director. Accordingly, approval of the Members is being sought in the ensuing Annual General Meeting for his appointment as Independent Director of the Company.
- (e) Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors has appointed Shri Vinod Sharma as an Additional Director w.e.f. September 24, 2022. The Company has also received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director. Accordingly, approval of the Members is being sought in the ensuing Annual General Meeting for his appointment as Director of the Company.
- (f) Shri S.C.K. Patne ceased to be an Independent Director/ Director w.e.f. May 2, 2023, consequent to completion of his second term as Independent Director.

During the Financial Year 2022-23, till the date of the report, the following changes took place in the KMP of the Company:

- (g) Ms. Ritu Gupta has been appointed as Company Secretary and consequently KMP of the Company w.e.f. May 27, 2022 in place of Ms. Suman Lata who had resigned w.e.f. February 15, 2022.
- (h) Shri R.C. Sharma has been appointed as Chief Financial Officer and consequently KMP of the Company w.e.f. April 19, 2023 in place of Shri Sudhir Rana who has resigned w.e.f. March 31, 2023.

Shri Alok Gaur, Joint Managing Director & CEO, being the whole-time Director of the Company, is also the KMP of the Company.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Alok Gaur and Shri Ajit Kumar, Directors of the Company, would retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

7.2 INDEPENDENT DIRECTORS

A. Declarations received from Independent Directors

The Company has received necessary declarations under Section 149(7) of the Companies Act, 2013 from the Independent Directors of the Company, confirming that they meet the criteria of independence laid down under Section 149(6) of the Companies Act, 2013. The Independent Directors have also complied with the Code of conduct for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

B. Meeting of Independent Directors

As per the applicable provisions of Companies Act, 2013 read with Schedule IV, a meeting of the Independent Directors was held on February 11, 2023 without the presence of the Non-Independent Directors and members of Management. The Independent Directors:

- (a) reviewed the performance of Non-Independent Directors and the Board as a whole;
- (b) reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and
- (c) assessed the quality, quantity and timeliness of flow of information, between the Company Management and the Board, necessary for the Board to effectively and reasonably perform its duties.

Independent Directors evaluated the performance and it was unanimously agreed that the performance of each of Non-Executive Director was very good and adequately met the expectations. Non-independent Directors and the Board as a whole have been discharging their duties to the utmost satisfaction.

While evaluating the Chairman's performance, the Independent Directors came to the conclusion that the performance of the Chairman has been remarkable and commendable and has been of very high order in every situation. The efforts made by Shri Alok Gaur, Joint Managing Director & CEO were appreciated.

The quality, quantity and timeliness of flow of information between the Company, Management and the Board was also as per expectations to the extent necessary for the Board to effectively and reasonably perform its duties.

8. PERFORMANCE EVALUATION

The 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, as reviewed by the Independent Directors in their Meeting held on February 11, 2023 and based on the recommendation of the Nomination and Remuneration Committee in its Meeting held on April 19, 2023, as per the Nomination and Remuneration Policy adopted by the Company.

Nomination and Remuneration Committee (NRC) in its Meeting held on April 19, 2023 has evaluated the performance of all Directors and has made the following recommendations to the Board:

- Performance of all the Directors including Independent Directors was found to be exceptionally good and appreciable, on the basis of criteria mentioned in the Nomination and Remuneration Policy of the Company. The efforts made by Shri Manoj Gaur, Chairman, in maintaining good revenue and bottom line despite difficult and challenging time faced by the Company due to limitations imposed on gas supply and price fluctuations and his enormous contribution in making the Company debt free were highly appreciated. Shri Alok Gaur, Joint Managing Director & CEO, was also complemented for the contribution made by him along with the entire team and employees at all levels in the overall performance of the Company.
- Performance of the Board as a whole was very good. Healthy and meaningful interactions took place amongst the Board Members. The quality, quantity and timeliness for flow of information between the Company management and the Board was open and cordial which enabled the Board to discharge its duties effectively.
- The Committees, as constituted by the Board, met at regular intervals and their performance was also found to be very good.

In terms of the applicable provisions of the Companies Act, 2013, the Board has also carried out the formal annual evaluation of its own performance and that of its Committees and individual Directors.

The Board considering the existing composition of the Board of Directors and its Committees, found that the Board of Directors and its Committees were duly constituted and adequately discharging their functions in terms of the requirements of the Companies Act, 2013. The Board and its Committees are independent decision making bodies of the Company and once the Board and its Committees reach a decision, it is implemented. Further, during the year under report, the Board and its Committees regularly met and reviewed the financial and other important statements of the Company. The performance of every Director was evaluated

in his/her absence. The Board expressed its satisfaction over the performance of every Director on the Board of Directors of the Company which has been found to be exceptionally good.

9. MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met four times with requisite quorum during the Financial Year 2022-23 on May 27, 2022, August 9, 2022, November 11, 2022 and February 11, 2023. Resolutions were passed by Circulation on September 24, 2022.

The attendance of the Directors at the Board Meetings held during Financial Year 2022-23 is as under:

Name of the Director	Number of Meetings during the year	
	Held/ Entitled	Attended
Shri Manoj Gaur	4	4
Shri Alok Gaur	4	4
Shri S.D. Nailwal	4	4
Shri R.K. Pandey*	1	1
Ms. Sunita Joshi	4	3
Shri Anil Mohan	4	4
Shri S.C.K.Patne	4	4
Shri K.V. Rajendran	4	4
Shri Ajit Kumar	4	4
Shri Devinder Singh Ahuja	4	4
Shri Vinod Sharma**	2	2
Shri N.K. Grover**	2	2

*Resigned w.e.f. August 1, 2022

**Appointed w.e.f. September 24, 2022

Subsequent to the year end, Shri S.C.K. Patne has ceased to be an Independent Director/Director of the Company on May 2, 2023 due to completion of his tenure as Independent Director.

The intervening gap between the two Board Meetings did not exceed the prescribed time.

10. COMMITTEES OF THE BOARD

To provide detailed and necessary assistance in the Company's matters, the Board has constituted various Committees in accordance with the provisions of the Companies Act, 2013 (At). 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 is in conformity with the requirements of Section 177 of the Act read with the relevant rules made thereunder. All the members of the Committee have adequate knowledge of financial and accounting matters. The Company Secretary acts as the Secretary to the Audit Committee.

KANPUR FERTILIZERS & CHEMICALS LIMITED

During the Financial Year 2022-23, the Audit Committee of the Board of Directors of the Company met five times, with requisite quorum on May 27, 2022, August 9, 2022, November 11, 2022, February 11, 2023 and February 14, 2023.

The constitution of the Audit Committee and attendance of the members at its Meetings held during Financial Year 2022-23 are as under:

Name of Members	Number of Meetings during the year	
	Held	Attended
Shri S.C.K. Patne, Chairman	5	5
Shri K.V. Rajendran, Member	5	4
Shri R.K. Pandey, Member*	1	1
Shri N.K. Grover, Member**	3	3
Shri S.D. Nailwal, Member**	3	3

*Ceased to be Member w.e.f. August 1, 2022.

**Appointed as Member w.e.f. September 24, 2022

Subsequent to the year end, Shri S.D. Nailwal has been appointed as Chairman of the Committee w.e.f. May 3, 2023 in place of Shri S.C.K. Patne who has ceased to be an Independent Director/Director of the Company on May 2, 2023 due to completion of his tenure as Independent Director.

All the recommendations made by the Audit Committee to the Board have been duly accepted by the Board.

B. Terms of Reference

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

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the annual financial statements and Auditors' report thereon before submission to the Board for its approval, particularly with reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Disclosure of any Related Party Transactions.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Examination of Financial Statements and the Auditors' Report thereon;
- Approving or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Establish a vigil mechanism for Directors and employees to report genuine concerns in such manner as may be prescribed;
- Formulating the scope, functioning, periodicity and methodology for conducting the internal audit;
- Discussion with internal auditors of any significant findings and follow-up thereon;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- Reviewing the following information:
 - Statement of significant Related Party Transactions (as defined by the Audit Committee);
 - Internal audit reports relating to internal control weaknesses;
- 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 is in conformity with the requirements of Section 178 of the Act read with the relevant rules made thereunder.

During the Financial Year 2022-23, the Committee met once on May 27, 2022. The Meeting was attended by all the Members. Resolutions were passed by Circulation on September 23, 2022.

The constitution of the Nomination and Remuneration Committee and attendance of the Members at its Meeting held during FY 2022-23 are as under:

Name of Members	Number of Meetings during the year	
	Held	Attended
Shri K.V. Rajendran, Chairman	1	1
Shri S.C.K. Patne, Member	1	1
Shri S.D. Nailwal, Member	1	1
Shri R.K. Pandey, Member*	1	1

*Ceased to be Member w.e.f. August 1, 2022

Subsequent to the year end, Shri N.K. Grover has been appointed as Member of the Committee w.e.f. May 3, 2023 in place of Shri S.C.K. Patne who has ceased to be an Independent Director/Director of the Company on May 2, 2023 due to completion of his tenure as Independent

Director.

B. Terms of Reference

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

- Identify persons who are qualified to become Directors or senior management employees and recommend to the Board their appointment/ removal;
- Evaluate every Director's performance;
- Formulate criteria for determining qualifications, positive attributes and independence of a Director;
- Recommend to the Board a policy relating to remuneration for the Directors, KMPs & other employees;
- To approve the extension or continuation of terms of appointment of Independent Directors on the basis of their performance evaluation;
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

C. Policy on Directors' appointment and Remuneration

In terms of Section 178(3) of the Companies Act, 2013 read with Rules made thereunder, the Board on the recommendation of Nomination and Remuneration Committee adopted a Nomination & Remuneration Policy which, inter-alia, relates to Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided therein. As per the applicable provisions of the Companies Act, 2013, the 'Nomination and Remuneration Policy' as approved by the Board of Directors is available on the website of the Company at www.kfclkanpur.com.

Salient features of the NRC Policy are given below:

- Part A – Policy for selection of Directors including qualifications and criteria for appointment and determining Directors' independence including criteria of independence and other directorships / committee memberships;
- Part B – Remuneration Policy for Executive and Non-Executive / Independent Directors, Key Managerial Personnel and other employees including the Remuneration structure and criteria of Remuneration.

III. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

A. Constitution

The constitution of the Corporate Social Responsibility (CSR) Committee is in conformity with the requirements of Section 135 of the Act read with the Rules made thereunder.

During the Financial Year 2022-23, the CSR Committee met once on May 27, 2022. The Meeting was attended by all the Members.

The constitution of the CSR Committee and attendance of the members at its meeting are as under:

Name of Members	Number of Meetings during the year	
	Held	Attended
Shri S.D. Nailwal, Chairman	1	1
Ms. Sunita Joshi, Member	1	1
Shri K.V. Rajendran, Member	1	1

B. Terms of Reference

The CSR Committee is constituted by the Board primarily to 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. Corporate Social Responsibility (CSR) Policy

CSR Policy as recommended by the CSR Committee and approved by the Board of Directors of the Company is available on the website of the Company at www.kfclkanpur.com.

The salient features of the Policy are given below:

- CSR Vision of the Company and objectives of the Policy
- Allocation of CSR Funds
- Constitution of CSR Committee
- Permitted CSR Activities / Focus Areas as prescribed under Schedule VII to the Companies Act, 2013
- Planning, implementation and Monitoring
- Reporting

D. Annual Report on CSR

In terms of Section 135 of the Companies Act, 2013 read with Rules made thereunder, the Company was not required to incur any expenditure on CSR activities during the Financial Year 2022-23. However, as part of its commitment towards the society and being a responsible corporate and as per the recommendation of the Corporate Social Responsibility Committee to spend upto Rs. 1 Crore on CSR activities, the Company has spent judiciously an amount of Rs. 92.59 Lakhs on CSR activities during Financial Year 2022-23.

The information pertaining to the Company's CSR activities undertaken during Financial Year ended March 31, 2023 is presented in the prescribed format of Annual Report on CSR, annexed as **Annexure-I** to this Report.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the Financial Year ended March 31, 2023, the applicable accounting standards have been followed and there are no material departures from the same;
- 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 at the end of the Financial Year 2022-23 and of the profit of the Company for the year ended on that date;
- 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.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under report, the Company has not given any loan, guarantee, provided any security or made any investments as prescribed under Section 186 of the Companies Act, 2013.

13. RELATED PARTY TRANSACTIONS

There were no material related party transactions during the Financial Year 2022-23, as per the provisions of Section 188 of the Companies Act, 2013 read with rules made thereunder. 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-II** to this Report.

Details of all related party transactions which were in the ordinary course of business and at arm's length basis are given as part of notes to the accounts for the Financial Year ended March 31, 2023. Disclosure of transactions with related parties in terms of Ind AS 24 is set out in Note No. 39 of the Financial Statements.

14. AUDITORS AND AUDITORS' REPORT

A. Statutory Auditors

M/s Sharma Vats & Associates, Chartered Accountants (Firm Registration No. 031486N) were appointed as Statutory Auditors of the Company by the Members in their 11th Annual General Meeting (AGM) held on 29th September, 2021 to hold office for a period of five years i.e. till the conclusion of 16th AGM of the Company to be held in the year 2026.

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 March 31, 2023 does not contain any qualification, reservation or adverse remark.

B. Secretarial Auditors

The Board of Directors has re-appointed M/s Anjali Yadav & Associates, Company Secretaries as the Secretarial Auditors to conduct secretarial audit of the Company for the Financial Year ending March 31, 2024, as required under Section 204 of the Companies Act, 2013 and Rules made thereunder.

The Secretarial Audit Report for the Financial Year ended March 31, 2023 is annexed as **Annexure-III** to this Report. The Secretarial Audit Report for the Financial Year ended March 31, 2023 does not contain any qualification, reservation or adverse remark.

C. Cost Auditors

The Board of Directors on the recommendation made by the Audit Committee has approved the re-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 2023-24 as required under Section 148(3) of the Companies Act, 2013 read with Rules made thereunder. The Company has also received the consent from M/s Kabra & Associates, to act as the Cost Auditors for conducting audit of the cost records for the Financial Year 2023-24 along with a certificate certifying their independence and arm's length relationship with the Company.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as approved by the Board of Directors based on the recommendation of Audit Committee is required to be ratified by the Members at the ensuing AGM and the aforesaid matter has been included in the Notice of the 13th AGM of the Company.

The cost accounts and records have been prepared and maintained properly, as specified under Section 148 of the Companies Act, 2013 read with Rules made thereunder.

D. Internal Auditors

The Board of Directors on the recommendation made by the Audit Committee had approved the re-appointment of M/s R. Nagpal Associates, Chartered Accountants (Firm Registration No. 002626N) as the Internal Auditors to conduct the Internal Audit of the Company for the Financial Year 2022-23, as per the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014.

On the recommendation made by the Audit Committee, the Board of Directors at its meeting held on May 6, 2023 has approved the appointment of M/s Arpit Taneja & Associates, Chartered Accountants (Firm Registration No. 025733C) as the Internal Auditors to conduct the Internal Audit of the Company for the Financial Year 2023-24, as per the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014.

E. Management Auditors

On the recommendation made by the Audit Committee, the Board of Directors at its meeting held on February 11, 2023 has approved the appointment of M/s Arpit Taneja & Associates, Chartered Accountants (Firm Registration No. 025733C) as the Management Auditors of the Company w.e.f. April 1, 2023 to carry out the Management Audit of the Company.

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

15. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has put in place an adequate system of internal financial controls with reference to its financial statements. Such internal financial controls were operating effectively during the year under report for ensuring orderly and efficient conduct of the business of the Company in all material respects.

During the year under Report, no material or serious observation has been received from the Internal Auditors of the Company for insufficiency or inadequacy of such controls.

16. RISK MANAGEMENT

The Board of Directors is responsible for identifying, evaluating and managing all significant risks and uncertainties that can impact the Company and which may threaten the existence

of 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, mitigated and addressed.

17. 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 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 provide adequate safeguards against victimization and to provide direct access to the Chairman of the Audit Committee, in appropriate or exceptional cases. The Vigil Mechanism is available on the website of the Company at www.kfclkanpur.com.

18. 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.

19. TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under Report, the Company was not required to transfer any amount to Investor Education and Protection Fund, as per the provisions of Section 125 of the Companies Act, 2013 read with the relevant Rules made thereunder.

Ms. Ritu Gupta, Company Secretary, has been appointed as the Nodal Officer of the Company, to deal with matters relating to IEPF.

20. 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- IV** to this Report.

21. COMPLIANCE WITH SECRETARIAL STANDARDS

As per the provisions of Section 118(10) of the Companies Act, 2013, the applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively as issued by ICSI have been/are being duly complied with by your Company.

22. ANNUAL RETURN

In accordance with the provisions of Companies Act, 2013, the Annual Return of the Company, in the prescribed format, is available on the Company's website at www.kfclkanpur.com.

23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS AND 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 future operations.

24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN 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 Internal Complaints Committee, which has been constituted and set up by the Company under the provisions of the aforesaid Act.

25. 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 and top 10 employees of the Company based on remuneration drawn during Financial Year 2022-23 is annexed as **Annexure- V** to this Report.

Shri Alok Gaur, Joint Managing Director & CEO (Whole-time Director) of the Company has neither received any commission from the Company nor remuneration or commission from the Holding Company.

26. APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

During the Financial Year under report, no application has been made or proceeding is pending under Insolvency and Bankruptcy Code, 2016.

27. DIFFERENCE BETWEEN AMOUNT OF VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND VALUATION DONE WHILE TAKING LOAN FROM BANKS OR FINANCIAL INSTITUTIONS ALONGWITH THE REASONS THEREOF

During the Financial Year under report, the Company has not entered into any one-time settlement with any Bank or Financial Institution.

ACKNOWLEDGEMENT

The Board of Directors express its gratitude for the valuable support extended by various Ministries and Departments of Government of India, Central and State Government, Government of Uttar Pradesh, Ministry of Chemicals & Fertilizers, Department of Fertilizers, Fertilizer Industry Co-ordination Committee (FICC), Kanpur Electricity Supply Co. Ltd., GAIL (India) Limited, Consortium of Banks / Financial Institutions led by SBI and Auditors of the Company for their valuable and continued co-operation and support to the Company. The Board places on record its appreciation for the team work, commitment and unstinting efforts of the employees at all levels for the successful operations of the Company's Fertilizer Plant at Kanpur.

For and on behalf of the Board of Directors
Kanpur Fertilizers & Chemicals Limited

MANOJ GAUR
CHAIRMAN
DIN: 00008480

Place : New Delhi
Date : May 6, 2023

REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2022-23

1. Brief outline on CSR Policy of the Company

In accordance with the requirements of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee had framed a Policy on Corporate Social Responsibility and the same was adopted by the Board.

CSR activities undertaken by the Company are in line with the philosophy being followed by the Management of the Company which encompasses holistic community development, institution-building and sustainability related initiatives.

In line with the applicable provisions of Companies Act, 2013 read with CSR Policy Rules:

- The Company would spend not less than 2% of the average Net Profits of the Company, calculated in accordance with Section 198 of the Companies Act, 2013, during the three immediately preceding financial years;
- CSR activities shall be undertaken by the Company as projects/programs of activities (either new or ongoing) as prescribed under Schedule VII to the Companies Act, 2013 excluding the activities undertaken in pursuance of its normal course of business by the Company;
- CSR Committee may decide to undertake the activities either by the Company itself or through a registered trust or a registered society or a company established by the Company, or its holding or subsidiary or associate company under Section 8 of the Act or otherwise.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri S.D. Nailwal	Chairman	1	1
2.	Ms. Sunita Joshi	Member	1	1
3.	Shri K.V. Rajendran	Member	1	1

- Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company : www.kfclkanpur.com
- Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable : N.A.
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
			N.A.

- Average net profit of the Company as per section 135(5) : Negative
- Two percent of average net profit of the Company as per section 135(5) : NIL
 - Surplus arising out of the CSR projects or programmes or activities of the previous financial years : N.A.
 - Amount required to be set off for the financial year, if any : NIL
 - Total CSR obligation for the financial year (7a + 7b + 7c). : NIL
- (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 92,59,115					N.A.

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in Rs.).	Amount spent in the current Financial Year (in Rs.)	Amount Transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation Direct (Yes/ No).	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration number
----- N.A. -----												

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Smart Board for Schools	Promoting Education	No	Uttar Pradesh	Noida	30,79,210	Yes	-	-
2	Deputy Commissioner Industry, DIC Kanpur for 'One District One Product' Exhibition	Protection of National Heritage, Art & Culture	Yes	Uttar Pradesh	Kanpur	5,00,000	Yes	-	-
3	Deputy Commissioner Industry, Kanpur -Woolen Blankets	Eradicating Poverty	Yes	Uttar Pradesh	Kanpur	92,880	Yes	-	-
4	Lab Equipments to Schools	Promoting Education	No	Uttar Pradesh	Bulandshahr	20,17,925	Yes	-	-
5	Construction and Repair of School at Karanwas, Anoopshahr	Promoting Education	No	Uttar Pradesh	Bulandshahr	21,00,000	No	Jaiprakash Sewa Sansthan	CSR00007458
6	CSR Payment to Anglo Vedic Educational Association	Promoting Education	No	Uttar Pradesh	Bulandshahr	14,05,800	Yes	-	-
7	Add. Labour Commissioner office - 2 System Set	Employment enhancing vocational skills	Yes	Uttar Pradesh	Kanpur	63,300	Yes	-	-
TOTAL						92,59,115			

(d) Amount spent in Administrative Overheads : NIL
(e) Amount spent on Impact Assessment, if applicable : NIL
(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs. 92,59,115
(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
i.	Two percent of average net profit of the company as per section 135(5)	NIL
ii.	Total amount spent for the Financial Year	Rs. 92,59,115
iii.	Excess amount spent for the financial year [(ii)-(i)]	Rs. 92,59,115
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs. 92,59,115

KANPUR FERTILIZERS & CHEMICALS LIMITED

9.(a) Details of Unspent CSR amount for the preceding three financial year :

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
----- N. A.-----							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s) :

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed/ Ongoing
----- N. A.-----								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) :

- Date of creation or acquisition of the capital asset(s) : N.A.
- Amount of CSR spent for creation or acquisition of capital asset : N.A.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : N.A.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : N.A.

11. Specify the reason (s), if the company has failed to spend two percent of the average net profit as per Section 135 (5) : N.A.

Place: New Delhi
Date: April 19, 2023

SHYAM DATT NAILWAL
CHAIRMAN, CSR COMMITTEE
DIN: 00008529

ALOK GAUR
JOINT MANAGING DIRECTOR & CEO
DIN: 00112520

ANNEXURE -II

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 2022-23, which were not 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	Justification for entering into such contracts or arrangements or transactions	N.A.
f	Date 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 arrangements or transactions at arm's length basis

There were no material contracts/arrangements/transactions with related parties during the Financial Year 2022-23.

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 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 : May 6, 2023

MANOJ GAUR
CHAIRMAN
DIN: 00008480

ANNEXURE – III

Form No. MR-3 **SECRETARIAL AUDIT REPORT** **FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2023**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of
Managerial Personnel) Rules, 2014]*

To,
The Members,
Kanpur Fertilizers & Chemicals Limited
Sector 128, Noida-201304 (U.P.)

We, Anjali Yadav, Proprietor of Anjali Yadav & Associates, Company Secretaries have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KANPUR FERTILIZERS & CHEMICALS LIMITED (CIN: U24233UP2010PLC040828)** (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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder(as amended from time to time);
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA')and the Rules made thereunder(as amended from time to time); **(Not applicable to the Company during the audit period)**
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder(as amended from time to time);
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (as amended from time to time); **(Not applicable to the Company during the audit period)**
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (as amended from time to time); **(Not applicable to the Company during the audit period)**
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(as amended from time to time); **(Not applicable to the Company during the audit period)**
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015(as amended from time to time); **(Not applicable to the Company during the audit period)**
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018(as amended from time to time); **(Not applicable to the Company during the audit period)**
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (as amended from time to time); **(Not applicable to the Company during the audit period)**
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (as amended from time to time); **(Not applicable to the Company during the audit period)**
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 (as amended from time to time) regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (as amended from time to time);**(Not applicable to the Company during the audit period)**
 - (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (as amended from time to time);
 - (vi) We further report that Compliances/processes/systems under other specific applicable Laws (as applicable to the industry) to the Company are being verified on the basis of quarterly certificates submitted to the Board of Directors of the Company.
- We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standard- 1 (Meetings of Board of Directors) issued by The Institute of Company Secretaries of India.
 - (ii) Secretarial Standard- 2 (General Meetings) issued by The Institute of Company Secretaries of India.
- During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
- 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. Further, 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 notices were given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance to all the Directors 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 the Board Meetings and Committee Meetings were carried out unanimously as recorded in the Minutes of the Board of Directors or Committee of the Board, as the case may be.
- We further report that, based on the review of the compliance reports and the certificates of the Company Executives taken on record by the Board of Directors of the Company, in our opinion there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.
- We further report that during the audit period:**
- (i) Ms.Ritu Gupta (PAN:ALFPG9552M) was appointed as a Company Secretary of the company w.e.f. 27th May, 2022.
 - (ii) The paid-up equity share capital of the company has been increased pursuant to conversion of 9000000 (Ninety Lakhs) 11% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each, into 9000000 (Ninety Lakhs) Equity Shares of Rs. 10/- each w.e.f. 27th May, 2022.
 - (iii) Shri Radha Krishna Pandey (DIN:00190017) has tendered his resignation from the post of Non-Executive Director of the company w.e.f. 1st August, 2022.
 - (iv) The Company has obtained the approval/No objection

Annexure - A

certificate dated 3rd March 2022 from Yes Bank Limited, the concerned Lender, for payment of remuneration to the following Whole-Time / Managing Directors:

1. Shri A.K. Jain (DIN:01731920), the then Whole-time Director (designated as Vice Chairman and CEO) of the Company, for the period from 01.04.2019 till 13.06.2020.
2. Shri Gaurav Jain (DIN: 01102024), the then Whole-time Director of the Company, for the period from 01.04.2019 till 27.05.2020.
3. Shri Alok Gaur (DIN: 00112520), Whole-time Director (designated as Joint Managing Director & CEO) of the Company from the date of his appointment i.e., 1st February, 2021 onwards.

Subsequent approval of Shareholders (by way of special Resolution) has been obtained in the Annual General Meeting of the Company held on 23rd September, 2022, as per the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

- (v) Shri Narinder Kumar Grover (DIN:08543115) was appointed as an Additional Independent Director of the company w.e.f. 24th September, 2022.
- (vi) Shri Vinod Sharma (DIN: 02072969) was appointed as an Additional Director of the company w.e.f. 24th September, 2022.
- (vii) Shri Sudhir Rana (PAN:ABXPR6612H) has tendered his resignation from the post of Chief Financial Officer of the company w.e.f. 31st March, 2023.

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.

**For Anjali Yadav & Associates
Company Secretaries**

**Anjali Yadav
Proprietor
FCS No.: 6628
C P No.:7257
UDIN: F006628E000263115**

**Place: New Delhi
Date: 6th May, 2023**

**PR Unique Code: S2006DE715800
PR Certificate No.: 629/2019**

**To,
The Members,
Kanpur Fertilizers & Chemicals Limited
Sector-128, Noida -201304 (U.P)**

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 process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records, cost records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events.
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 procedure on test check 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 Anjali Yadav & Associates
Company Secretaries**

**Anjali Yadav
Proprietor
FCS No.: 6628
C P No.:7257
UDIN: F006628E000263115**

**Place: New Delhi
Date: 6th May, 2023**

**PR Unique Code: S2006DE715800
PR Certificate No.: 629/2019**

(A) CONSERVATION OF ENERGY (DURING FINANCIAL YEAR 2022-23)
(i) Steps taken or impact on conservation of energy

S. No.	Steps	Investment (Rs. in Lakhs)
1	Urea C reactor trays replacement	217
2	Urea plants HPDR tubes mechanical cleaning	11
3	Installation of 12 KWp grid connected to solar roof top power plant. Status : Solar panels have already been installed at site but commissioning is pending. Inverter is expected in FY 23-24.	0.88

(ii) Steps taken by the company for utilising alternate sources of energy

S. No.	Steps	Investment (Rs. in Lakhs)
1	10 KWp solar system is planned for FY 23-24	2

(iii) Capital investment on energy conservation equipments: Refer Point (i)
(B) TECHNOLOGY ABSORPTION (DURING FINANCIAL YEAR 2022-23)

(i)	Efforts made towards technology absorption;	Indigenous mechanical spares for CO2 compressors.
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution;	Saving of Rs.1,20,69,352/-.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NONE
	(a) Details of technology imported	NONE
	(b) Year of import	NONE
	(c) Whether the technology been fully absorbed	NONE
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
(iv)	Expenditure incurred on Research and Development	NIL

(C) DETAILS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

Sl. No.	Particulars	FY 2022-23 (Rs. In lakhs)	FY 2021-22 (Rs. In lakhs)
a)	Earnings	NIL	NIL
b)	Outgo	NIL	1,145.51

For and on behalf of the Board of Directors

Place : New Delhi
Date : May 6, 2023

MANOJ GAUR
CHAIRMAN
DIN: 00008480

ANNEXURE - V

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 2022-23

S. No.	Name	Designation	Remuneration (Amount in Rs.)	Qualification	Experience (Years)	Date of commencement of Employment in the Company	Age (Years)	Last Employment	Equity Shares held in the Company
1	ALOK GAUR	JOINT MANAGING DIRECTOR & CEO	1,20,81,911 (after voluntary deduction of Rs. 53,08,039)	B.E (ELECT.)	40.11	01.02.2021	60.05	JAYPEE CEMENT CORPORATION LIMITED	0
2	SUDHIR RANA*	SENIOR VICE PRESIDENT & CFO	42,27,517	B.COM. & C.A.	36.03	01.11.2014	60.08	SANGAM POWER GENERATION COMPANY LIMITED	0
3	GIRISH MORESHWAR SHROTRI	JOINT PRESIDENT	39,38,025	B.TECH. (CHEMICAL)	39.00	13.01.2022	63.09	INDORAMA INDIA PRIVATE LIMITED (FERTILIZER DIVISION)	0
4	VINOD KUMAR	SENIOR JOINT PRESIDENT	39,24,345	M.PHIL. & M.SC.	42.08	01.05.2020	63.09	JAIPRAKASH ASSOCIATES LIMITED (CEMENT)	0
5	PRATEEK OM	SENIOR VICE PRESIDENT	37,06,373	B.E (ELECT. & ELECTRONICS)	29.07	10.07.2020	58.08	JAIPRAKASH POWER VENTURES LIMITED	0
6	MUKESH KUMAR	CHIEF GENERAL MANAGER	29,05,360	B.COM. & I.C.W.A.	28.05	01.08.2020	51.09	BHILAI JAYPEE CEMENT LIMITED	0
7	AMITAVA CHANDRA	SENIOR VICE PRESIDENT	29,02,058	M.B.A. (MATERIAL MGT.)	39.02	02.07.2022	60.10	KANPUR FERTILIZERS & CHEMICALS LIMITED	0
8	RAJANI KANT MISRA	VICE PRESIDENT	27,18,207	M.E. (CHEMICAL)	46.05	05.02.2022	67.05	HINDUSTAN URVARAK & RASAYAN LIMITED	0
9	SANJEEV KUMAR JHA	CHIEF GENERAL MANAGER	27,04,950	B.TECH. (ELEC. & COM.)	25.07	11.11.2019	48.04	GVK TECHNICAL & CONSULTANCY SERVICES PRIVATE LIMITED	0
10	RAJEEV GUPTA	VICE PRESIDENT	26,97,160	M.B.A. (MARKETING)	28.07	01.10.2019	54.04	JAYPEE FERTILIZERS & INDUSTRIES LIMITED	0

* Resigned w.e.f. March 31, 2023

B) Name of the employees working throughout the Financial Year 2022-23 and in receipt of remuneration not less than Rs. 1,02,00,000/- per annum and working for part of the Financial Year 2022-23 and in receipt of remuneration not less than Rs. 8,50,000/- per month.

S. No.	Name	Designation	Remuneration (Amount in Rs.)	Qualification	Experience (Years)	Date of commencement of Employment in the Company	Age (Years)	Last Employment	Equity Shares held in the Company
1	ALOK GAUR	JOINT MANAGING DIRECTOR & CEO	1,20,81,911 (after voluntary deduction of Rs. 53,08,039)	B.E (ELECT.)	40.11	01.02.2021	60.05	JAYPEE CEMENT CORPORATION LIMITED	0

NOTES:

- Gross remuneration includes Salary, H.R.A., Contribution to Provident Fund and other perks like Medical Reimbursement, Leave Travel Assistance, Furnishing Allowance and Leave Encashment etc.
- Information about qualifications and last employment is based on particulars furnished by the concerned employee.
- The whole-time Director neither by himself nor along with his 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: May 6, 2023**

**MANOJ GAUR
CHAIRMAN
DIN: 00008480**

INDEPENDENT AUDITOR'S REPORT

To the Members of

Kanpur Fertilizers & Chemicals Limited

Opinion

We have audited the accompanying financial statements of **Kanpur Fertilizers & Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, Statement of changes in equity and Statement of cash flows for the year ended 31st March 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matters	Auditor's Response
1	<p>Subsidy recognized as revenue and assessment of recovery of the amount due on account of Subsidy</p> <p>i. i. During the FY 2022-23, company recognized the total subsidy of Rs. 2748.33 crores on sale of Urea, Natural Gas and Freight. Accuracy of revenue may deviate significantly because revision in the notified rates and change in final estimates w.r.t escalation/de-escalation of cost.</p> <p>ii. The subsidy due from Government of India at the end of FY 2022-23 stood at Rs. 424.29crores. During the FY 2021-22, the company received Rs. 2169.03 crores as subsidy on account of urea, Freight and Gas. Given the size of amount of subsidy, the evaluation of fair value of subsidy receivable and its recovery involves assessment of the management in terms of time frame of recovery from FICC and thus requires significant audit attentions and forms a Key Audit Matter</p>	<p>Our procedures included the following:</p> <ol style="list-style-type: none"> 1. Understood and evaluated the design and tested the operating effectiveness of controls as established by management in recognition of subsidy revenue and assessment of the recoverability of subsidy receivables. 2. Reviewed the Company's Accounting policies for recognition of Subsidy on Urea as mentioned under "Note No. 2 Statement of Significant Accounting policies" in conformity with the provision of Ind AS on Government Grants. 3. Assessment of the basis of judgements that management has made in relation to the notifications/policies including past precedence and subsequent evidence, as applicable. 4. Reviewed the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of subsidy revenue and adjustments to subsidy receivables already recognized pursuant to changes in subsidy rates. 5. We considered the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of subsidy revenue and adjustments to subsidy receivables already recognized pursuant to changes in subsidy rates/escalation or de-escalation in subsidy rates.

S. No.	Key Audit Matters	Auditor's Response
		6. Reviewed and tested the aging of the related receivables and assessed the information used by the management to determine the recoverability of subsidy receivable by considering historical collection trends and the level of credit loss charged over time.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement 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 for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable

user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Other Matters:

As per the scheme of demerger approved by Hon'ble BIFR, the Company was allowed pre-existing energy norm applicable to Urea Plant at Kanpur for calculation of subsidy i.e. energy of 7.847 GCal/MT of urea for a period of five years from Commercial Operations Date (COD). The Company started commercial operations from June 1, 2014. Department of Fertilizers (DoF), Ministry of Chemicals & Fertilizers (MoCF), Government of India (GoI), in order to reduce its subsidy on urea, issued New Urea Policy, 2015 (NUP 2015) vide notification No.12012/1/2015-FPP revising the energy norms for payment of subsidy for all urea manufacturing companies in three categories w.e.f. 01.04.2018 which was extended up to 30th September, 2020. Kanpur Fertilizers & Chemicals Limited (KFCL) was kept in category 3 with target energy norm of 6.5 GCal/MT of Urea. KFCL represented to DoF against the revised energy norms on the grounds that it was a vintage plant, uses cheaper fuels viz. coal and indigenous power. Investing Rs.500 Cr on energy savings equipment's to achieve target energy norm was not viable. On this basis, NITI Aayog allowed same energy mix for KFCL alongwith SFC, Kota and GNFC. KFCL represented that energy norm less than 7.424 GCal/ MT of urea would not be viable. Therefore, represented to DoF for continuing the existing energy norms. However, DoF started paying subsidy to KFCL as per NUP 2015. Pending decision of DoF, the Company had been making provision for Subsidy claim at 7.424 GCal/MT in the books of accounts. DoF has since notified the revised energy norms applicable to KFCL for subsidy vide notification dated 18th November, 2022. As per this notification, the Company is likely to get subsidy on energy of 7.712 Gcal/MT from October 1, 2020 to September 30, 2022 and at 7.685 Gcal/MT from October 1, 2022 to March 31, 2023.

DoF has made calculations of subsidy payable to KFCL from July 2022 as per the notification dated 18th November, 2022 and has been making the payment of subsidy accordingly. The Company has accounted for the difference between energy of 7.712/ 7.685 GCal and 7.424 GCal in the books of accounts from July 2022.

The impact of difference between 7.424 GCal and revised energy norm (7.712 GCal) as per notification dated 18th November, 2022 from October 2020 to June 2022 has not been considered in final accounts for FY 2023, pending calculations by DoF. The same will be accounted for as and when final computation / payments are released by DoF.

Further, it is indicated that the auditor report is not a qualified report in respect of above matter emphasized

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) In our opinion and to the best of our information and according to the explanations given to us, remuneration has been paid by the Company to its directors during the year in accordance with the provisions of section 197 read with Schedule V to the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. - Refer Note 39 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons

or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The company has not declared or paid any dividend during the year.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Sharma Vats & Associates

Chartered Accountants

Firm Registration No. 031486N

(CA Manoj Kumar Vats)

Partner

M.NO. 527922

Date : May 6, 2023

Place : New Delhi

UDIN : 23527922BGXBNJ5697

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report 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 & Chemicals Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

KANPUR FERTILIZERS & CHEMICALS LIMITED

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.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sharma Vats & Associates Chartered Accountants

Firm Registration No. 031486N

(CA Manoj Kumar Vats)

Partner

M.NO. 527922

Date : May 6, 2023

Place : New Delhi

UDIN : 23527922BGXBNJ5697

ANNEXURE "B" referred to in paragraph 2 of our report of even date to the members of Kanpur Fertilizers & Chemicals Limited on the accounts of the Company for the year ended 31st March 2023.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Intangible Assets.
- (b) A substantial portion of the Property, Plant and Equipment have been physically verified by the management during the year and to the best of our knowledge and information given to us, no material discrepancies were identified on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable Properties are deemed held in the name of company in terms of Para 4 and Para 5, Para II of Annexure A of approved Scheme of BIFR.

Description of property	Gross carrying value (Rs. In Lakhs)	Asset held in name of	Whether held in name of promoter, director or their relative or employee	Period during which it was not held in name of the Company	Reason for not being held in name of company
Land – Parbati Bagla Road, Kanpur	24,343.87	Duncans industries Ltd	No	w.e.f 24.01.2012	Pursuant to Transfer of Land in terms of Para 4 and Para 5, Para II of Annexure A of approved Scheme of BIFR dated 16.01.2012
Land – 56 cantonment, Kanpur Road, Kanpur					
Land - Cee Kay Estate Udyog Vihar Industrial Area, Panki, Kanpur					

- (d) The Company has not revalued its properties, plant and equipment; therefore, the Clause 3(i)(d) is not applicable.
- (e) As informed, the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, therefore the Clause 3(i)(e) is not applicable.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the Management and no material discrepancies were noticed on such physical verification.

- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets and quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company. As at the year end, the company had surrendered working capital limit sanctioned in its name.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, made investments, given guarantees, and security, hence Clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public. Therefore, reporting under clause (v) of CARO 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. The cost audit report for the FY 2022-23 was yet to be concluded at the time of submission of our report.

- (vii) (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount of Demand (Rs. in Lakhs)	Financial Year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Penalty	35.45	2011-12	ITAT
Income Tax Act, 1961	Income Tax and Penalty	292.00	2012-13	ITAT (for Income Tax) Penalty (CIT Appeals)
CGST Act, Bihar GST Act and IGST Act	GST and Interest	138.79	2019-20	Assistant Commissioner of Central Tax
CGST Act, Bihar GST Act and IGST Act	GST and Interest	205.77	2017-18	Assistant Commissioner of Central Tax

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks at the end of the year.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority at the end of the year.
- (c) The Company has applied term loans for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) Based upon the audit procedures performed for the

- purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xii) In our opinion, the Company is not a nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) Based on information and explanations given to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the financial Statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transaction with directors or person connected with him which is covered by Section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.
- (xvii) The company has not incurred cash loss during the current year as well as in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx) (a) of the Order is not applicable for the year.
- b) There are no unspent amounts towards Corporate Social Responsibility (CSR). Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For Sharma Vats & Associates
Chartered Accountants
Firm Registration No. 031486N
(CA Manoj Kumar Vats)
Partner
M.NO. 527922
Date : May 6, 2023
Place : New Delhi
UDIN : 23527922BGXBNJ5697

BALANCE SHEET AS ON 31ST MARCH, 2023

CIN : U24233UP2010PLC040828

(₹ in Lakhs)

Particulars	Note No	As on 31st March, 2023	As on 31st March, 2022
Assets			
Non Current Assets			
Property, Plant and Equipment	4	65,006	67,395
Capital Work in Progress	4.1	196	-
Financial Assets		-	-
Other Financial Assets	5	2,519	1,912
Other Non Current Assets	6	3,384	3,783
		71,105	73,090
Current Assets			
Inventories	7	10,448	5,837
Financial Assets		-	-
Trade Receivable	8	42,560	78,284
Cash and Cash Equivalents	9	13,045	5,459
Bank Balance other than above	10	10,442	1,013
Other Financial Assets	11	18,075	14,782
Other Current Assets	12	5,004	5,267
		99,574	110,643
		170,679	183,733
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	13	35,246	34,346
Other Equity	14	46,508	45,717
		81,754	80,063
Non Current Liabilities			
Financial Liabilities		-	-
Borrowing	15	-	13,976
Other Financial Liabilities	16	1,484	1,420
Provisions	17	291	275
Deferred Tax Liabilities (Net)	18	3,145	1,777
		4,920	17,449
Current Liabilities			
Financial Liabilities		-	-
Borrowings	19	-	5,510
Trade payables	20	-	-
Total outstanding dues of other than MSME		70,312	56,848
Total outstanding dues of MSME		397	620
Other Financial Liabilities	21	9,881	22,204
Other Current Liabilities	22	2,802	853
Provisions	23	79	96
Current Tax Liabilities(Net)	24	534	90
		84,005	86,221
Total		170,679	183,733

Summary of Significant Accounting Policies &

Notes to the Financial Statements

"1" to "39"

For Sharma Vats & Associates

For and on behalf of the Board

Chartered Accountants

Registration No. 031486N

(Manoj Kumar Vats)

Partner

M. No. 527922

(Manoj Gaur)

Chairman

DIN : 00008480

Place: New Delhi

Dated : 06.05.2023

(Ritu Gupta)

Company Secretary

ACS-20334

(Ramesh Chand Sharma)

Jt. President & CFO

(Alok Gaur)

Jt. MD & CEO

DIN: 00112520

PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

Particulars	Note No	Quarter Ended 31.03.2023 (Audited)	Quarter Ended 31.03.2022 (Audited)	Quarter Ended 31.12.2022 (Subject to LR)	Period ended 31.03.2022 (Audited)	Year Ended 31.03.2022 (Audited)
Revenue From Operations	25	69,657	72,368	86,244	319,841	258,798
Other Income	26	161	93	203	476	414
Total Income		69,818	72,461	86,447	320,317	259,212
Expenses						
Cost of Materials Consumed	27	50,273	49,200	64,212	244,139	177,419
Purchases of Stock-in-Trade	28	284	646	2,649	4,327	4,038
Changes in Inventories of Finished Goods & Work-in-Progress	29	(1,154)	1,745	1,373	(3,953)	1,298
Employee Benefits Expense	30	1,195	1,218	1,034	4,450	4,483
Finance costs	31	955	1,364	2,188	6,779	6,116
Depreciation and amortization Expense	32	1,786	2,790	1,820	7,225	8,264
Other expenses	33	15,256	15,037	12,436	53,318	56,445
Total Expenses		68,595	72,000	85,712	316,285	258,063
Profit Before Exceptional Items and Tax		1,223	460	734	4,032	1,149
Exceptional Items [Net]	34	(45)	17	(0)	(48)	(4)
Profit Before Tax		1,268	443	734	4,080	1,153
Tax Expense:	35					
(1) Current Tax		543	83	127	1,034	203
(2) Adjustment for prior periods Tax		-	-	-	-	-
(3) Mat Credit		52	(83)	313	-	(203)
(4) Deferred Tax		(189)	(1,627)	1,124	1,363	(953)
Total Tax Expenses		406	(1,627)	1,564	2,397	(953)
Profit/(Loss) for the Period		862	2,070	(830)	1,682	2,106
Other Comprehensive Income						
Items that Will Not be Reclassified to Profit or Loss						
Re-measurement gains/ (losses) on defined benefit plans (net)		7	2	(3)	14	6
Income Tax		(2)	(1)	1	(5)	(2)
Total Other Comprehensive Income		4	1	(2)	9	4
Total Comprehensive Income for the Period		866	2,071	(831)	1,691	2,110
Paid Up Equity Share Capital (Rs. In Cr.)		352	343	352	352	343
Face Value per share		10	10	10	10	10
Earnings per Equity Share	36					
(1) Basic		0.25	0.60	(0.24)	0.48	0.61
(2) Diluted		0.25	0.59	(0.24)	0.48	0.60

Summary of Significant Accounting Policies &

Notes to the Financial Statements

"1" to "39"

For Sharma Vats & Associates

For and on behalf of the Board

Chartered Accountants

Registration No. 031486N

(Manoj Kumar Vats)

Partner

M. No. 527922

(Manoj Gaur)

Chairman

DIN : 00008480

Place: New Delhi

Dated : 06.05.2023

(Ritu Gupta)
Company Secretary
ACS-20334

(Ramesh Chand Sharma)
Jt. President & CFO

(Alok Gaur)
Jt. MD & CEO
DIN: 00112520

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

	2022-23	2021-22
A Cash Flows From Operating Activities		
Profit For the Year	4,079	1,153
Adjustments For:		
- Exceptional Items (Net)	(48)	(4)
- Depreciation	7,225	8,264
- Interest and Finance Charges	6,779	6,116
- Interest Income on Fixed Deposits	(318)	(356)
Operating Profit Before Working Capital Changes	17,717	15,173
Adjustments for :		
- (Increase) / Decrease in Inventories	(4,612)	1,350
- (Increase) / Decrease in Trade Receivables	35,712	(49,144)
- (Increase) / Decrease in Other Financial Assets	(3,231)	(5,347)
- (Increase) / Decrease in Other Current Assets	263	(1,182)
- Increase / (Decrease) in Trade Payables	13,244	24,248
- Increase / (Decrease) in Other Current Liabilities	1,950	223
- Increase / (Decrease) in Other Financial Liabilities and Provision	(8,527)	10,972
- Change in Other Assets	(102)	117
Cash Generated From Operations	52,414	(3,589)
- Income Tax Refund/ (Paid)	(91)	(127)
Net Cash Flow Generated From Operating Activities	52,323	(3,715)
B Cash Flow From Investing Activities		
- Additions To PPE And Intangible Assets	(5,163)	(1,225)
- Proceeds From Sale/ Disposal Of Property, Plant And Equipment	188	2
- Interest Received	316	326
- Investment In Fixed Deposit	(10,095)	586
Net Cash Flows (Used In) Investing Activities	(14,754)	(311)
C Cash Flow From Financing Activities		
- Proceeds/(Repayments) of Share Capital		
- Proceeds/(Repayments) of Long Term Borrowings	(13,976)	6,113
- (Repayments Of) / Proceeds From Short Term Borrowings (Net)	(5,510)	(10,474)
- Interest And Finance Charges Paid	(10,498)	(5,333)
Net Cash Flows (Used In)/ Generated From Financing Activities	(29,984)	(9,694)
Net Change In Cash And Cash Equivalents (A+B+C)	7,586	(13,720)
Cash And Cash Equivalents- Opening Balance	5,459	19,179
Cash And Cash Equivalents- Closing Balance	13,045	5,459
Notes To Cash Flow Statement:		
Cash And Cash Equivalents Include :		
Cash on Hand	2	14
Balances with Banks	13,043	5,445
Cash And Cash Equivalents At The End Of The Year [Refer Note No 9]	13,045	5,459

Summary of Significant Accounting Policies &

Notes to the Financial Statements

"1" to "39"

For Sharma Vats & Associates

For and on behalf of the Board

Chartered Accountants

Registration No. 031486N

(Manoj Kumar Vats)

Partner

M. No. 527922

(Manoj Gaur)

Chairman

DIN : 00008480

Place: New Delhi

Dated : 06.05.2023

(Ritu Gupta)

Company Secretary

ACS-20334

(Ramesh Chand Sharma)

Jt. President & CFO

(Alok Gaur)

Jt. MD & CEO

DIN: 00112520

KANPUR FERTILIZERS & CHEMICALS LIMITED

Statement of Changes in Equity For the Year Ended 31st March, 2023

Equity

Particulars

a. Equity share capital

	(₹ in Lakhs)
Balance as at 31st March, 2022	34,346
Equity Share Issued During the period	900
Balance as at 31st March, 2023	35,246

Other Equity

(₹ in Lakhs)

Particular	Equity Component of Compulsory Convertible Preference Share	Security Premium	Retained Earnings	Remeasurements of the Defined Benefit Plans	Total
Balance as at 31st March, 2022	900	42,383	2,243	192	45,717
Profit For the Year	-	-	1,682	-	1,682
Remeasurement of Defined Benefit Liability (Net of Tax)	-	-	-	9	9
Changes During The Year	(900)	-	-	-	(900)
Balance as at 31st March, 2023	-	42,383	3,925	201	46,508

Summary of Significant Accounting Policies &

Notes to the Financial Statements

"1" to "39"

For Sharma Vats & Associates

For and on behalf of the Board

Chartered Accountants

Registration No. 031486N

(Manoj Kumar Vats)

Partner

M. No. 527922

(Manoj Gaur)

Chairman

DIN : 00008480

Place: New Delhi

Dated : 06.05.2023

(Ritu Gupta)

Company Secretary

ACS-20334

(Ramesh Chand Sharma)

Jt. President & CFO

(Alok Gaur)

Jt. MD & CEO

DIN: 00112520

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2023

Note No."1" Nature of Operations

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.

Note No."2" Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

Note No."3" Basis of preparation of financial statements

A. 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.

These standalone financial statements have been prepared on historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle.

These standalone financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the standalone financial statements have been discussed in the respective notes.

B. Use of estimates and judgements

The preparation of these standalone financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a. 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. The useful lives of the property, plant and equipment are as follows:

Assets	Useful Lives
Building	60 Years
Plant and Machinery	8-25 years
Vehicle	8 - 10 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.

b. 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 3 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.

c. 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 releasable value. Cost is determined on weighted average basis. Cost comprises of purchase & other costs incurred in bringing them to their present location & condition.

Catalyst is valued at depreciated cost on the basis of amortization over their estimated useful lives five years as technically assessed.

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.

d. Revenue Recognition

i. Sale of Goods

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 subsidized rate of Rs. 4974 per ton and receives the subsidy from the GOI at the notified price 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 underlying the particular performance obligation is transferred to the customer.

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

Ind AS 115 has no significant 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 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.

ii. Interest Income

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.

iii. Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Group is reasonably certain of their ultimate collection.

e. 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.

f. 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.

g. 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.

h. Lease

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses

significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and had no lease arrangement to be recognised retrospectively or by modified approach with the cumulative effect of initially applying the Standard and thus Ind AS 116 application has no major impact Refer note 2(f) – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessee**Operating leases**

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

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

i. 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.

j. 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.

The Company uses estimates and judgments based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgment to reassess the carrying amount of deferred tax assets at the end of each reporting period.

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.

k. 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.

l. 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.

m. 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.

n. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization 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.

o. 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.

p. 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, maximizing 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.

q. 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 can be classified into two categories, one is from the customers into the market and second one is from the Government of India in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is Nil. For market receivables from the customers, the company extends credit to customers in normal course of business. The company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored.

The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The company has also taken security deposits from its customers, which mitigate the credit risk to some extent.

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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 115, 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:
 - 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 is potentially unfavorable to the issuer.
- b) If the instrument will or may be settled in the issuer's own equity instruments, it is:
 - i. A non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
 - ii. 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. "4"

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, 2022	24,344	8,349	89,356	810	397	20	186	24	140	423	296	124,346
Additions		4,787	66	83	7	-	7	12,203	0		17	4,967
Disposals/Discard			268	17	4	-	4	5	17			314
As at 31st March, 2023	24,344	13,135	89,153	877	400	20	189	12,223	124	423	313	128,998
Accumulated Depreciation												
As at 31st March, 2022	-	2,375	52,975	623	291	10	133	15	90	221	218	56,950
Charge for the year		308	6,780	37	28	0	13	2	7	28	22	7,225
Disposals/Discard		-	146	13	4	-	3	4	13		-	183
As at 31st March, 2023	-	2,683	59,609	647	315	11	142	12	84	249	240	63,992
Net Block(As at 31st March, 2022)	24,344	5,974	36,381	188	106	9	53	10	50	202	78	67,395
Net Block(As at 31st March, 2023)	24,344	10,453	29,543	230	85	9	47	8	40	174	73	65,006

NOTE No. "4.1"

Property Plant & Equipment

Amount in CWIP for a period of

CWIP	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in progress	196.00	-	-	-	196.00

	(₹ in Lakhs)	
Particulars	As on 31st March, 2023	As on 31st March, 2022
NOTE No. "5"		
Other Financial Assets		
Bank Deposits With More Than 12 Months Maturity *	817	151
Security Deposit	1,615	1,609
Other Receivables	87	151
* Pledged as margin with banks against LC/BGs	2,519	1,912
NOTE No. "6"		
Other Non-Current Assets		
Prepaid Expenses	4	5
Tax Assets (Net)		
Advance Tax	724	724
Tax Deducted at Source	246	143
MAT Credit Entitlement	2,410	2,910
	3,384	3,783

	(₹ in Lakhs)	
Particulars	As on 31st March, 2023	As on 31st March, 2022
NOTE No. "7"		
Inventories		
Raw Materials	809	222
Work in Progress	1,528	1,101
Finished Goods	479	596
Finished Goods In Transit	3,643	-
Stores & Spares	3,308	3,221
Catalyst	681	697
	10,448	5,837
NOTE No. "8"		
Trade Receivables		
Others (Unsecured, Considered Good)	43,123	78,847
Less : Provision for Bad & Doubtful Debts	563	563
	42,560	78,284

KANPUR FERTILIZERS & CHEMICALS LIMITED

Ageing analysis of trade receivables As on 31.03.2023

(₹ in Lakhs)

Particulars	Less Than 6 Months	6 Months-1 Years	1-2 Years	2-3 Years	More Than 3 Years	Total
a) Undisputed Trade receivables- Considered Good	-	7,880	30,885	3,450	280	42,495
b) Undisputed Trade receivables- Considered Doubtful	-	-	-	-	-	-
c) Undisputed Trade receivables- Credit Impaired	-	-	-	-	-	-
d) Disputed Trade receivables- Considered Good	-	-	-	-	65	65
e) Disputed Trade receivables- Considered Doubtful	-	-	-	-	-	-
f) Disputed Trade receivables- Credit Impaired	-	-	-	-	-	-
Total	-	7,880	30,885	3,450	345	42,560

Ageing analysis of trade receivables As on 31.03.2022

(₹ in Lakhs)

Particulars	Less Than 6 Months	6 Months-1 Years	1-2 Years	2-3 Years	More Than 3 Years	Total
a) Undisputed Trade receivables- Considered Good	50,472	22,610	4,842	-	280	78,204
b) Undisputed Trade receivables- Considered Doubtful	-	-	-	-	-	-
c) Undisputed Trade receivables- Credit Impaired	-	-	-	-	-	-
d) Disputed Trade receivables- Considered Good	-	-	-	3	78	80
e) Disputed Trade receivables- Considered Doubtful	-	-	-	-	-	-
f) Disputed Trade receivables- Credit Impaired	-	-	-	-	-	-
Total	50,472	22,610	4,842	3	358	78,284

NOTE No. "9"

Cash and Cash Equivalents

Balance with Banks	1,450	4,173
Term Deposit Account with Maturity of Less Than Three Months *	11,592	1,272
Cash in Hand	3	14
* Pledged as margin with banks against LC/BGs	13,045	5,459

NOTE No. "10"

Other Bank Balances

Deposits with Maturity for more than 3 months but Less than 12 months *	10,442	1,013
* Pledged as margin with banks against LC/BGs	10,442	1,013

NOTE No. "11"

Other Financial Assets

Accrued Interest Receivable	99	96
Other Receivables	16	17
Related Party	17,960	14,670
Total	18,075	14,782

NOTE No. "12"

Other Current Assets

Prepaid Expenses	108	277
Advances to Vendors	483	732
GST/VAT Receivable	4,413	4,258
Total	5,004	5,267

(₹ in Lakhs)

NOTE No. "13"	As on 31st March, 2023	As on 31st March, 2022
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	-	-
35,00,00,000 (Previous period 35,00,00,000) Convertible Preference Shares of Rs. 10/- each	35,000	35,000
2,50,00,000 (Previous period 2,50,00,000) Cumulative Redeemable Preference Shares of Rs. 10/- each	2,500	2,500
	120,000	120,000
Issued, subscribed and paid up capital		
Equity Share Capital		
35,24,57,225 (Previous period 34,34,57,225) Shares of Rs. 10/- each fully paid up	35,246	34,346
Preference Share Capital		
Nil (Previous period 90,00,000) Shares of Rs. 10/- each fully paid up	-	900

Details of Shareholders Having More than 5% Shares	% of Shares	As on 31st March, 2023	% of Shares	As on 31st March, 2022
Equity Shares				
Jaypee Uttar Bharat Vikas Private Limited	57%	200,050,000	58%	200,050,000
Jaypee Fertilizers & Industries Limited	36%	126,982,549	34%	117,982,549
Mahabhadra Constructions Limited (w.e.f 21.04.2020)	7%	25,000,000	7%	25,000,000
Preference Shares				
Jaypee Fertilizers & Industries Limited	-	-	100%	9,000,000

Details of Shares held by promoters as on 31st March, 2023	As on 31st March, 2023				As on 31st March, 2022	
Equity Shares	No. of equity shares held	% of total shares	% Change during Year	No. of equity shares held	% of total shares	% Change during Year
Jaypee Uttar Bharat Vikas Private Limited (Inclusive of shares held by nominees)						
Opening Balance	200,050,000	56.76%	-	200,050,000	58.25%	-
Acquired/Converted during the year	-	-	-	-	-	-
Closing Balance	200,050,000	56.76%	-	200,050,000	58.25%	-
Jaypee Fertilizers & Industries Limited						
Opening Balance	117,982,549	33.48%	-	117,982,549	34.35%	-
Acquired/Converted during the year	9,000,000	2.55%	-	-	-	-
Closing Balance	126,982,549	36.03%	-	117,982,549	34.35%	-
Mahabhadra Constructions Limited						
Opening Balance	25,000,000	7.09%	-	25,000,000	7.28%	-
Acquired/Converted during the year	-	-	-	-	-	-
Closing Balance	25,000,000	7.09%	-	25,000,000	7.28%	-
Preference Shares						
Jaypee Fertilizers & Industries Limited						
Opening Balance	9,000,000	100%	-	9,000,000	100.00%	-
Acquired/Converted during the year	-9,000,000	100%	-	-	-	-
Closing Balance	-		-	9,000,000	100.00%	-

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Reconciliation of No. of Shares Outstanding	As on 31st March, 2023	As on 31st March, 2022
Equity Share		
Equity Shares Outstanding at the Beginning of the Year	343,457,225	343,457,225
Equity Shares Issued During the Year	9,000,000	-
Outstanding at the End of the Year	352,457,225	343,457,225
Preference Share		
Preference Shares Outstanding at the Beginning of the Year	9,000,000	9,000,000
Preference Shares converted to Equity Shares During the Year	9,000,000	-
Outstanding at the End of the Year	-	9,000,000

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-56.76%) including 43,000 Equity Shares through its nominee, Jaypee Fertilizers & Industries Limited (36.03%), Mahabhadra Constructions Limited (7.09%) and Others (0.12%).

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.

Preference Shares

90,00,000 11% Compulsorily Convertible Preference shares (CCPS) of Kanpur Fertilizers & Chemicals Limited held by Jaypee Fertilizers & Industries Limited (JFIL) were allotted on 31st July 2017 and have been converted into Equity Shares as per terms of allotment, on 27th May, 2022.

NOTE No. "14"	As on 31st March, 2023	As on 31st March, 2022
Other Equity		
(i) Equity Component of Financial Instrument		
Opening Balance	90	90
Less: Conversion During the Year	90	-
Closing Balance	-	90
(ii) Reserves and Surplus		
(a) Surplus (Profit and Loss Balance)		
Opening Balance	2,243	136
Profit / (Loss) for the year	1,682	2,106
Closing Balance	3,925	2,243
(b) Security Premium Reserve		
Opening Balance	42,383	42,383
Addition during the Year	-	-
Closing Balance	42,383	42,383
Total Reserve & Surplus	46,307	44,625
iii) Other Comprehensive Income		
(a) Remeasurement of Defined benefit plan (Net of Tax)		
Opening Balance	192	188
Addition/Deduction during the Year	9	4
Closing Balance	201	192
Total Other Equity	46,508	45,717

NOTE No. "15"

Borrowings

Secured

Term Loans

From Banks - Yes Bank Ltd. (YBL).*	-	10,577
From Financial Institutions - India Infrastructure Finance Company Limited (IIFCL) (EIR - 13.18%)	-	3,399
	-	13,976

1. Yes Bank Limited (YBL) transferred its Term Loan & Overdraft facility to JC Flower Asset Reconstruction Pvt Ltd. Vide Letter No. YBL/ SAM/ 22-23/ 670 Dated 27.12.2022

2. During the year ended 31st March' 2023, the company repaid Rs.196.15 Crore and prepaid Rs. 18.89 Crore Term Loan of India Infrastructure Finance Company Ltd. (IIFCL) and Rs. 106 Crore Term Loan of J.C Flower Assets Reconstruction Pvt. Ltd. No Dues Certificate have been issued by the lenders and satisfaction of charge has also been filed with Registrar of Company.

NOTE No. "16"

Other Financial Liabilities

Security and Other Deposits	1,484	1,420
	1,484	1,420

NOTE No. "17"

Long Term Provisions

Provision for Employee Benefit

Gratuity	168	163
Leave Encashment	123	112
	291	275

NOTE No. "18"

Deferred Tax Assets

Provision for Leave encashment ,Gratuity & Bonus	129	129
Brought Forward Losses & Unabsorbed Depreciation	-	2,299

Deferred Tax Liabilities

Difference in book depreciation and tax depreciation	3,274	4,206
Net Deferred Tax Assets/(Liability)	3,145	1,777

Movement in deferred tax balances

(₹ in Lakhs)

31st March 2023				
Particulars	Net Balance April 1, 2022	Recognised in P & L	Recognised in OCI	Net Balance Mar 31, 2023
Difference in WDV as per Income tax & WDV as per Co. Act 2013	(4,206)	931	-	(3,274)
Provision for Leave encashment ,Gratuity & Bonus	129	5	(5)	129
Brought Forward Losses & Unabsorbed Depreciation	2,299	(2,299)	-	-
Net Deferred Tax Assets/(Liabilities)	(1,777)	(1,363)	(5)	(3,145)
31st March 2022				
Particulars	Net Balance April 1, 2021	Recognised in P & L	Recognised in OCI	Net Balance Mar 31, 2022
Difference in WDV as per Income tax & WDV as per Co. Act 2013	(5,092)	887	-	(4,206)
Provision for Leave encashment & Gratuity	148	(16)	(2)	129
Brought Forward Losses & Unabsorbed Depreciation	2,217	82	-	2,299
Net Deferred Tax Assets/(Liabilities)	(2,728)	953	(2)	(1,777)

KANPUR FERTILIZERS & CHEMICALS LIMITED

NOTE No. "19"

Borrowings

From Banks (Secured)

Yes Bank Ltd (YBL) - (Working Capital Loan)	-	3,480
	-	3,480

Current Maturities of Long-Term Debt (Secured, Considered Good)

India Infrastructure Finance Company Limited	-	2,012
Yes Bank Ltd.	-	18
	-	2,030
	-	5,510

- Yes Bank Limited (YBL) transferred its Overdraft/ WCDL facility to JC Flower Asset Reconstruction Pvt . Ltd. Vide Letter No. YBL/ SAM/ 22-23/ 670 Dated 27.12.2022.
- The Company prepaid Overdraft/ WCDL facility of Rs. 35 Crore to J.C.Flower Asset Reconstruction Pvt Ltd.

Working Capital Facilities

Surrendered the working capital facilities (Both Fund based & Non Fund Based) of State Bank of India. ICICI did not renewed its working capital facilities. No Dues Certificate have been issued by the lenders and satisfaction of charges have also been filed with Registrar of Companies.

The Company has thus prepaid its entire Term Loans and working Capital fund based liabilities. The non-fund based facilities from SBI and ICICI are on 100% FD backed margin.

NOTE No. "20"

Trade Payables

Others	70,312	56,848
Micro Small Medium Enterprises	397	620
	70,709	57,468

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

a) Principal amount	397	620
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 31st March, 2023	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

Ageing analysis of trade payable As on 31.03.2023

Particulars	Less Than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	Total
a) MSME					
b) Others	397	-	-	-	397
c) Disputed dues- MSME	70284	6	2	20	70312
d) Disputed dues- Others					
Total	70,681	6	2	20	70,709

Ageing analysis of trade payable As on 31.03.2022

Particulars	Less Than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	Total
a) MSME	620	-	-	-	620
b) Others	56,797	12	23	16	56,848
c) Disputed dues- MSME					
d) Disputed dues- Others					
Total	57,417	12	23	16	57,468

NOTE No. "21"

Other Financial Liabilities

Payable on Account of Employees	416	404
Security and Other Deposits	142	125
Amount Payable to Related Parties	66	87
Other Payable	9,257	21,589
	9,881	22,205

NOTE No. "22"

Other Current Liabilities

Statutory Taxes and Dues	540	403
Advance Received from Customers	2,262	449
	2,802	852

NOTE No. "23"

Provisions

Gratuity	38	51
Leave Encashment	41	44
	79	96

NOTE No. "24"

Current Tax Liability

Provision for Income Tax	534	91
	534	91

(₹ in Lakhs)

Particulars	Quarter Ended 31.03.2023	Quarter Ended 31.03.2022	Quarter Ended 31.12.2022	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE No. "25"					
Revenue from Operation					
Sale of Products					
Urea Sale	8,703	9,440	8,028	32,888	36,168
Govt Subsidy- Urea	58,386	66,557	73,167	274,833	200,943
GAIL Subsidy- Gas pool	-	(4,749)	-	-	15,960
Sale-Flyash	47	29	54	154	117
	67,136	71,277	81,249	307,875	253,188
Other Operating Revenue					
Sale -Traded Product	335	1,060	3,014	5,014	5,039
Ammonia Sale	2,185	32	1,980	6,952	571
	2,521	1,092	4,995	11,965	5,611
	69,657	72,368	86,244	319,841	258,798

As per the scheme of demerger approved by Hon'ble BIFR, the Company was allowed pre-existing energy norm applicable to Urea Plant at Kanpur for calculation of subsidy i.e. energy of 7.847 GCal/MT of urea for a period of five years from Commercial Operations Date (COD). The Company started commercial operations from June 1, 2014. Department of Fertilizers (DoF), Ministry of Chemicals & Fertilizers (MoCF), Government of India (GoI), in order to reduce its subsidy on urea, issued New Urea Policy, 2015 (NUP 2015) vide notification No.12012/1/2015-FPP revising the energy norms for payment of subsidy for all urea manufacturing companies in three categories w.e.f. 01.04.2018 which was extended upto 30th September, 2020. Kanpur Fertilizers & Chemicals Limited (KFCL) was kept in category 3 with target energy norm of 6.5 GCal/MT of Urea. KFCL represented to DoF against the revised energy norms on the grounds that it was a vintage plant, uses cheaper fuels viz. coal and indigenous power. Investing Rs.500 Cr on energy savings equipment's to achieve target energy norm was not viable. On this basis, NITI Aayog allowed same energy mix for KFCL along with SFC, Kota and GNFC. KFCL represented that energy norm less than 7.424 GCal/ MT of urea would not be viable. Therefore, represented to DoF for continuing the existing energy norms. However, DoF started paying subsidy to KFCL as per NUP 2015. Pending decision of DoF, the Company had been making provision for Subsidy claim at 7.424 GCal/ MT in the books of accounts. DoF has since notified the revised energy norms applicable to KFCL for subsidy vide notification dated 18th November, 2022. As per this notification, the Company is likely to get subsidy on energy of 7.712 Gcal/MT from October 1, 2020 to September 30, 2022 and at 7.685 Gcal/ MT from October 1, 2022 to March 31, 2023.

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DoF has made calculations of subsidy payable to KFCL from July 2022 as per the notification dated 18th November, 2022 and has been making the payment of subsidy accordingly. The Company has accounted for the difference between energy of 7.712/ 7.685 GCal and 7.424 GCal in the books of accounts from July 2022.

The impact of difference between 7.424 GCal and revised energy norm (7.712 GCal) as per notification dated 18th November, 2022 from October 2020 to June 2022 has not been considered in final accounts for FY 2023, pending calculations by DoF. The same will be accounted for as and when final computation /payments are released by DoF.

(₹ in Lakhs)

Particulars	Quarter Ended 31.03.2023	Quarter Ended 31.03.2022	Quarter Ended 31.12.2022	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE No. "26"					
Other Income					
Interest Income (including fair value of financial liability at amortised cost)	106	87	132	318	356
Foreign Exchange Gain (Net)	-	-	-	-	-
Misc Receipts	56	5	71	158	58
	161	93	203	476	414
NOTE No. "27"					
Cost of material Consumed					
Raw Materials Consumed	46,936	46,842	60,763	231,056	169,430
Coal Consumed	2,535	1,653	2,735	10,175	5,338
Bags Consumed	802	706	714	2,908	2,651
	50,273	49,200	64,212	244,139	177,419
NOTE No. "28"					
Purchases of Stock-in-Trade					
Ammonia	-	339	-	-	339
Wheat seed	-	-	2,206	2,206	1,806
Calcium Nitrate	-	13	-	-	58
Zyme	85	88	157	1,024	721
Micro Nutrient	110	75	127	556	461
Sulphur	55	100	72	211	374
Zinc Sulphate	1	4	7	24	47
City Compost	-	2	8	19	25
Ferrous Sulphate	27	13	37	195	142
Others	6	13	34	93	67
	284	646	2,649	4,327	4,038
NOTE No. "29"					
Changes in Inventories of Finished Goods Work-in-Progress					
Opening Stock					
Work-in-Progress	1,888	1,340	2,037	1,101	1,218
Finished Goods	2,608	2,102	3,832	596	1,777
	4,496	3,442	5,869	1,697	2,995
Closing Stock					
Work-in-Progress	1,528	1,101	1,888	1,528	1,101
Finished Goods	4,122	596	2,608	4,122	596
	5,650	1,697	4,496	5,650	1,697
	(1,154)	1,745	1,373	(3,953)	1,298

(₹ in Lakhs)

Particulars	Quarter Ended 31.03.2023	Quarter Ended 31.03.2022	Quarter Ended 31.12.2022	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE No. "30"					
Employee Benefit Expense					
Salaries and Wages	1,119	1,148	977	4,149	4,196
Contribution to Provident and Other Funds	48	53	48	195	205
Gratuity	24	15	6	76	66
Staff Welfare	4	3	3	30	15
	1,195	1,219	1,034	4,450	4,482
NOTE No. "31"					
Finance Cost					
Interest to Banks on Working Capital	83	772	54	296	1,102
Interest to Banks on Term Loan	199	(609)	422	1,445	1,087
Interest to Others	641	1,178	1,690	4,935	3,821
Financial Charges	32	23	22	103	104
	955	1,364	2,188	6,779	6,114
NOTE No. "32"					
Depreciation and Amortization expense					
Depreciation on Tangible Assets	1,786	2,790	1,820	7,225	8,264
	1,786	2,790	1,820	7,225	8,264
NOTE No. "33"					
Other expenses					
Repairs & Maintenance - Others	26	204	54	201	367
Electricity Charges	9,537	9,460	9,131	37,427	41,050
Store and Spares Consumed	483	1,991	472	2,127	3,297
Repairs & Maintenance - Plant	376	273	419	2,010	1,684
Directors' Meeting Fee	6	10	5	21	26
Insurance	58	59	63	250	374
Rates & Taxes	21	3	21	107	92
Loading & Unloading Charges	377	321	261	1,218	1,216
Travelling & Conveyance Expenses	66	57	60	245	218
Corporate Social Responsibility	56	-	1	93	26
Vehicle Running & Hiring Charges	62	59	61	244	240
Freight & Octroi Expenses	1,798	1,558	1,324	5,625	5,740
Advertising and Sales Promotion	1,320	66	45	1,440	201
Provision for doubtful debts, loans & advances	-	563	-	-	563
Legal & Professional	722	180	273	1,161	414
Bank Charges & LC/BG Commission	134	68	82	451	293
Safety & Security	105	81	69	321	284
Horticulture and Gardening	9	0	8	26	2
Auditors Remuneration*	10	10	5	25	24
(*) please refer details below	-	-	-	-	-
Fair value of Financial Liability at amortised cost	28	26	28	110	103
Miscellaneous Expenses	64	49	53	217	230
	15,256	15,037	12,436	53,318	56,444

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(₹ in Lakhs)

Particulars	Quarter Ended 31.03.2023	Quarter Ended 31.03.2022	Quarter Ended 31.12.2022	Year Ended 31.03.2023	Year Ended 31.03.2022
NOTE No. "34"					
Exceptional Items (Net)					
(Profit)/Loss on Retirement of Fixed Assets	(50)	-	-	(57)	-
Debit Balance Written Off	7	20	-	12	19
Creditor Bal. Written Back	(2)	(3)	-	(2)	(24)
	(45)	17	-	(48)	(5)

(*) Auditors Remuneration

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Audit Fees(Including LR Fees#)	8	8
Tax Audit Fees	3	3
Cost Audit Fees	3	3
Internal Audit Fees	8	8
Secretarial Audit Fees	1	1
Audit Expenses	2	2
Total	25	24

NOTE No. "35" Disclosure as per Indian Accounting Standard - 12 on 'Income taxes'

(a) Income Tax Expense

i) Income tax recognised in statement of profit or loss

(₹ in Lakhs)

	March 31, 2023	March 31, 2022
Current tax expense		
Current year	1,034	203
MAT Credit	-	(203)
Adjustment for prior periods	-	-
	1,034	-
Deferred tax expense		
Origination and reversal of temporary differences	1,363	(953)
Reduction in tax rate		
	1,363	(953)
Total income tax expense	2,397	(953)

ii) Income tax recognised in other comprehensive income

(₹ in Lakhs)

Particulars	March 31, 2023			March 31, 2022		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
- Net actuarial gains/(losses) on defined benefit plans	14	(5)	9	6	(2)	4
	14	(5)	9	6	(2)	4

iii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Accounting Profit/(Loss) before tax expense	4,080	1,153
Enacted tax rate	34.944%	34.944%
Taxed at India Statutory Tax Rates	1,426	403
Tax Effect of:-		
Non-Deductible Expenses	102	114
Non-Taxable Incomes	(27)	(27)
Expenses disallowed earlier now allowed as per Income Tax Act, 1961	(40)	(56)
Impact of Depreciation as per Income Tax Act, 1961	(1,535)	1,125
Carry Forward of Income Tax Losses for current year	74	(1,558)
Current tax of Prior Period	-	-
Deffered Tax Impact	1,367	(962)
Tax Expenses	1,367	(962)

iv) The tax rates under Indian Income Tax Act, for Financial Year 2022-23 is 34.944% (Previous year 2021-22 is 34.944%).

NOTE No. "36" Disclosure as per Ind AS 33 on 'Earnings per Share'

Basic and diluted earnings per share	March 31, 2023	March 31, 2022
Basic earnings per share (Refer footnote a & b)	0.48	0.61
Diluted earnings per share	0.48	0.60
Nominal value per share	10.00	10.00
(a) Profit attributable to equity shareholders		
Profit for the year	1,682	211
Profit attributable to equity shareholders	1,682	211
(b) Weighted average number of equity shares		
Opening balance of issued equity shares	3,435	3,435
Effect of shares issued during the year, if any	54	-
Weighted average number of equity shares for Basic	3,488	3,435
(c) Weighted average number of Convertible Preference shares		
Opening balance of issued Preference shares	90	90
Effect of shares Issued during the year, if any	-	-
Balance shares convertible at the end of the Year	90	90
Effect of shares Convertible during the year, if any	(90)	-
Weighted average number of Convertible Preference shares (b)	-	90
Weighted average number of equity shares for Diluted EPS (b + c)	3,488	3,525

NOTE No. "37" Disclosure as per Ind AS 19 'Employee benefits'

(i) Defined contribution plans:

A. Provident fund

The Company pays fixed contribution to provident fund to the appropriate authorities. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss. An amount of Rs. 1.95 crore (31 March 2022: Rs. 2.05 crore) for the year is recognised as expense on this account and charged to the Statement of Profit and Loss.

(ii) Defined Benefits plans:

A. Gratuity-Funded

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary (15/26 X last drawn basic salary) for each completed year of service.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity and the amounts recognised in the Company's financial statements as at balance sheet date:

(₹ in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Net defined benefit Obligation :		
Gratuity (funded)	72	95
Total	72	95
Total employee benefit obligation		
Non-current	168	163
Current	38	51
Total	205	215

(₹ in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Movement in net defined benefit obligation for the year		
Present Value of Obligation as at the beginning of Period	215	250
Interest Cost	15	17
Service Cost	34	36
Past service cost including curtailments Gains/Losses	-	-
Benefit Paid	(72)	(95)
Total Actuarial (Gains)/Loss on obligation	14	6
Total Service Cost to be recognised in Statement of Profit & Loss A/C	205	215
Included in OCI		
Actuarial (Gains)/Loss arising from:		
Demographic assumptions	-	-
Financial Assumptions	(3)	(5)
Experience Adjustment	16	12
Total Amount Recognised in OCI	14	6

D. Defined benefit obligations

i. Actuarial assumptions		
The following were the principal actuarial assumptions at the reporting date:		
Discount rate	7.36%	7.18%
Retirement Age	60	60
Mortality Rate inclusive of Provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)
Withdrawal rate		
Up to 30 Years	2%	2%
From 31 to 44 Years	5%	5%
Above 44 Years	3%	3%
Salary escalation rate	4%	4%
The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market..		

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Lakhs)

Particulars	31.03.2023		31.03.2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(7)	7	(6)	7
Expected return on plan assets (1% movement)				
Gratuity				
Salary escalation rate (0.50% movement)	7	(7)	7	(7)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

E. Risk exposure

Valuations are based on certain Assumptions, which are dynamic in nature and vary over time. As such company is exposed to various Risks as follows

a) Salary Increases

Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

b) Changes in discount rate

The Reduction in discount rate in subsequent valuations can increase the Plan's Liability

c) Investment Risk

If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

c) Mortality & Disability

Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

c) Withdrawals

Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

F. Expected maturity analysis of the defined benefit obligations in future years

(₹ in Lakhs)

Particulars	0 to 1 Year	1 to 2 Year	2 to 3 Year	3 to 4 Year	4 to 5 Year	5 to 6 Year	6 Year onward
31 March 2023							
Gratuity	38	22	19	9	10	9	99
Total	38	22	19	9	10	9	99

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is as under:-

(₹ in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Gratuity	13	13

(iii) Other long term employee benefit plans

Leave

The Company provides for earned leave benefit to the employees of the Company which accrue monthly and in some case annually on the first day of the year. Earned leave (EL) over and above fixed maximum number of days is encashed paid to employees while in service and balance at the time of retirement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of Rs. 1.65 crore (31 March 2022: Rs. 1.56 crore) for the year have been made on the basis of actuarial valuation at the year end.

Note No. "38" Corporate social responsibilities expenses (CSR)

As per Section 135 of the Companies Act, 2013, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years. The company incurs CSR expenses in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

(₹ in Lakhs)		
Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
A. Amount required to be spent during the year	-	-
B. Amount Actually spent during the year	93	26
Amount upspent (if any)	-	-

Amount spent during the year ended 31 March 2023: (₹ in Lakhs)

Particulars	Amount spent	Yet to be spent	Total
(i) Construction/ acquisition of any asset	-	-	-
(i) above	93	0	93
Grand Total			93

Amount spent during the year ended 31 March 2022: (₹ in Lakhs)

Particulars	Amount spent	Yet to be spent	Total
(i) Construction/ acquisition of any asset	-	-	-
(i) above	26	0	26
Grand Total			26

Break-up of the CSR expenses under major heads is as under:

(₹ in Lakhs)

Particulars	For the year ended 31.03.2023
1) Smart Board for School	31
2) DY. Commissioner Industry, DIC Kanpur for ODOP Exhibition	5
3) DY. Commissioner Industry, Kanpur for Woolen Blankets	1
4) Provided Lab equipments to Schools	20
5) Jaypee Sewa Sansthan	21
6) Anglo Vedic Educational Association	14
7) Labour Office-2 System Set	1
Total	93

(₹ in Lakhs)

Particulars	For the year ended 31.03.2022
1) For Covid-19 facility - Jaypee Healthcare	15
2) For Covid-19 facility - Madhuraj Hospital, Kanpur	5
3) For Promotion of Aganwadi Center at Kanpur	3
4) For Covid-19 facility - Jaypee Institute - SAI Advance	3
Total	26

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NOTE No. "39" FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2023

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

(₹ in Lakhs)

Particulars	2022-23	2021-22
a) Claims against the Disputed Income Tax 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).	328	328
b) Claims against the Disputed Goods and Service Tax liability (Including Tax) not acknowledged as Debt.	356	150
Amount deposited under protest.	12	12
c) Legal claims against Civil/Labour Court Cases	3,088	5333
d) Stamp Duty (U/s 47 of Stamp Act)	4,223	4,223
e) Outstanding Balances of Bank Guarantees	643	649
Margin Money deposited against the above	972	882
f) Outstanding Letters of Credit (including Foreign LCs)	9,000	8,000
Margin Money deposited against the above	9,008	1,001

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 (subsidiary of JAL)
2. Bhilai Jaypee Cement Limited (JV subsidiary of JAL)
3. Himalyan Expressway Limited (wholly owned subsidiary of JAL)
4. Gujarat Jaypee Cement & Infrastructure Limited (JV subsidiary of JAL)
5. Jaypee Ganga Infrastructure Corporation Limited (wholly owned subsidiary of JAL)
6. Jaypee Agra Vikas Limited (wholly owned subsidiary of JAL)
7. Jaypee Cement Corporation Limited (JCCL) (wholly owned subsidiary of JAL)
8. Himalyaputra Aviation Limited (wholly owned subsidiary of JAL)
9. Jaypee Assam Cement Limited (wholly owned subsidiary of JAL)
10. Jaypee Infrastructure Development Limited (new name of Jaypee Cement Cricket (India) Limited w.e.f. 21.02.2017) (wholly owned subsidiary of JAL)
11. Jaypee Healthcare Limited
12. Jaypee Cement Hockey (India) Limited (wholly owned subsidiary of JAL)
13. Jaiprakash Agri Initiatives Company Limited (wholly owned subsidiary of JCCL)
14. Yamuna Expressway Tolling Limited (wholly owned subsidiary of JAL w.e.f. 20.04.2017)
15. East India Energy (P) Ltd. w.e.f. 29.12.2022

c) Associate Companies:

1. Mahabhadra Construction Limited (MCL) ((wholly owned

subsidiary of Jaypee Infra Ventures Private Limited (JIVPL))

2. JIL Information Technology Limited (JILIT) (Subsidiary of JIVPL))

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

d) Key Managerial Personnel

1. Shri Manoj Gaur – Non Executive Chairman
2. Shri Alok Gaur – Joint Managing Director & CEO (Appointed as Additional Director w.e.f 29th January, 2021 and Joint Managing Director & CEO w.e.f 1st February, 2021)
3. Ms. Sunita Joshi – Non Executive Director
4. Shri R.K. Pandey – Non Executive Director (Resigned w.e.f 1st August, 2022)
5. Shri S.D. Nailwal – Non Executive Director
6. Shri Ajit Kumar – Non Executive Director (Appointed w.e.f 29th January, 2021)
7. Shri Anil Mohan – Non Executive Director
8. Shri Satish Charan Kumar Patne – Independent Director (Ceased w.e.f.2nd May, 2023)
9. Shri K.V.Rajendran – Independent Director
10. Shri Devinder Singh Ahuja – Non Executive Director(Appointed w.e.f. 28th July, 2021)
11. Shri Narinder Kumar Grover – Additional Director (Independent) (Appointed w.e.f. 24th September, 2022)
12. Shri Vinod Sharma – Additional Director (Appointed w.e.f. 24th September, 2022)
13. Smt. Suman Lata – Company Secretary(Resigned w.e.f 15th February, 2022)
14. Ms. Ritu Gupta- Company Secretary (Appointed w.e.f 27th May, 2022)

15. Shri Sudhir Rana – Chief Financial Officer (Resigned w.e.f 31st March, 2023)

16. Shri R.C. Sharma– Chief Financial Officer (Appointed w.e.f 19th April, 2023)

e) Relative of Director (with whom the Company was having transaction during FY 2022-23)

1. 1. Shri Sunny Gaur, Relative of Shri Manoj Gaur

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, 2023	As at March 31, 2022
Debt*	-	19,486
Cash and Bank Balance (including Cash and Bank Balances in a disposal group held for sale)	24,304	6,623
Net Debt	-	12,863
Equity	81,754	80,063
Total Debt + Equity	-	92,926
Net Debt to Equity Ratio	0.00%	13.84%

*Debt is defined as Non-current and Current borrowings.

(ii) Categories of Financial Instruments

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial Assets measured at Amortised Cost		
a) Cash and Cash Equivalent including Bank Balances	24,304	6,623
b) Other Financial Assets	20,593	16,694
c) Trade Receivable	42,561	78,284
Total	87,458	1,01,602

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial Liabilities measured at Amortised Cost		
a) Non-Current Borrowing	-	13,976
b) Current Borrowing	-	3,480
c) Trade Payable	70,709	57,468
d) Other Financial Liability*	11,365	25,655
Total	82,075	1,00,579

* including current maturities of long-term debt

(iii) Fair Value Hierarchy

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

There are no Financial Assets/Liabilities classified as Level 1 and Level 2.

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(iv) Financial Risk Management

The Company's principal financial liabilities comprise trade payables and other payables including financial obligations. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets are trade & receivables, security deposits and cash and short-term deposits that derive directly from its operations. The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

– Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, investment in debt securities, loans & advances, cash & cash equivalents and deposits with banks and financial institutions.

Trade receivables

The company sells urea and deals with the authorized agents only and has entered 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.

The following list represents more than 5% of total balance of trade receivable:

(₹ in Lakhs)

S.No	Particulars	As at March 31st, 2023	As at March 31st, 2022
1	FICC, GoI	42,429	77,903

Cash and cash equivalents (including bank balances)

The Company held cash and cash equivalents of Rs. 23,487 (31 March 2022: Rs. 6,472). The cash and cash equivalents are held with banks with high credit ratings.

Provision for expected credit losses

The company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. The company has customers (government utilities) with sufficient capacity to meet the obligations and therefore the risk of default is negligible or low. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The company has made a provision of Rs. 563 towards doubtful debts, being the debtors on whom the company has filed cases. These amounts have not paid by the customers and are disputed.

- Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses and payments to trade payables including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(i) Financing arrangements

The company had access to the following working capital borrowing facilities at the end of the reporting period:

(₹ in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Cash Credit		
State Bank of India	–	–
ICICI Bank Ltd.	–	–
Overdraft		
Yes Bank Ltd.	–	3,480
Total	–	3,480

Surrendered the working capital facilities (Both Fund based & Non Fund Based) of State Bank of India. ICICI did not renew its working capital facilities. No Dues Certificate has been issued by the lenders and satisfaction of charges have also been filed with Registrar of Companies.

The Company has thus prepaid its entire Term Loans and working Capital fund based liabilities. The non-fund based facilities from SBI and ICICI are on 100% FD backed margin.

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.

(ii) Maturities of financial liabilities

The following are the contractual maturities of financial liabilities, based on contractual cash flows:

(₹ in Lakhs)

Particulars	Weighted Average Effective Interest Rate (%)	Within 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
As at March 31, 2023						
Borrowing	13	-	-	-	-	-
Trade Payables	13	70,709	-	-	70,709	70,709
Other Financial Liabilities	13	9,881	-	1,484	11,365	11,365
Total		80,590	-	1,484	82,075	82,075
As at March 31, 2022						
Borrowing	13	5,508	6,132	7,875	19,516	19,484
Trade Payables	13	57,468	-	-	57,468	57,468
Other Financial Liabilities	13	22,205	-	2,205	24,409	23,625
Total		85,181	6,132	10,080	1,01,393	1,00,577

– Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(v) Interest Rate Risk Management

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

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

Interest Rate Sensitivity Analysis

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

(₹ in Lakhs)

Particulars	Interest Impact as at	
	March 31, 2023	March 31, 2022
If Increase by 50 Basis Point		
Impact on Profit or Loss for the year	-	(80)
Impact on Total Equity as at the end of the reporting period	-	(80)
If Decrease by 50 Basis Point		
Impact on Profit or Loss for the year	-	80
Impact on Total Equity as at the end of the reporting period	-	80

(vi) Deposits Liened With -

S.No.	TDR No.	Date of Deposit	Amount Rs.	Authorities, Pledged With
1	37232660663	13-10-2022	192	State Bank of India against SBLC to GAIL (India) Ltd.
2	37024509915	17-07-2022	129	State Bank of India against SBLC to GAIL (India) Ltd.
3	32999387721	31-03-2023	12	State Bank of India against Railways Bank Guarantee for online freight payment.

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S.No.	TDR No.	Date of Deposit	Amount Rs.	Authorities, Pledged With
4	33761290416	31-03-2023	717	State Bank of India against SBLC to GAIL (India) Ltd.
5	36448895508	02-03-2022	118	State Bank of India against BG in favour of President Officer, Labour Court
6	000714997318	23-03-2021	11	ICICI Bank Ltd. against Bank Guarantee to Sales Tax Authorities
7	000714358239	28-05-2021	2	ICICI Bank Ltd. against Bank Guarantee to Punjab VAT
8	000714425042	24-04-2022	815	ICICI bank Ltd. against BG to KESCO
9	32250645718	31-03-2021	0	State Bank of India against BG to Haryana VAT
10	32844977524	26-02-2022	4	State Bank of India UP Power Corporation Limited
11	34213211634	18-03-2022	16	State Bank of India UP Power Corporation Limited
12	34898624286	28-04-2022	148	State Bank of India, DSRA
13	36323846542	16-02-2023	6	State Bank of India, DSRA
14	35817636993	06-06-2022	395	State Bank of India, DSRA
15	41794536575	30-03-2023	67	Railway BG
16	41794535640	30-03-2023	88	President Labour Court
17	41659143592	09-02-2023	1,000	State Bank of India against SBLC to GAIL (India) Ltd.
18	41670924773	14-02-2023	200	State Bank of India against SBLC to GAIL (India) Ltd.
19	41794534840	30-03-2023	3,300	State Bank of India against SBLC to GAIL (India) Ltd.
20	41706914485	28-02-2023	2,504	State Bank of India against SBLC to GAIL (India) Ltd.
21	41711448676	01-03-2023	1,002	State Bank of India against SBLC to GAIL (India) Ltd.
22	41711449793	01-03-2023	1,002	State Bank of India against SBLC to GAIL (India) Ltd.
	Total		11,808	

Note: Out of the above FDR's of Rs.2165, lien has been released after 31.03.2023.

The total deposits of the Company as on 31.03.2023 is Rs. 22,851.

4. a) Ratios

Particulars	2022-23	2021-22
Current Ratio		
Current Assets	99,575	1,10,643
Current Liabilities	84,006	86,222
Ratio	1	1
%Change	7.63%	
Debt Equity Ratio		
Long Term Borrowings + Short Term Borrowings	0	19,486
Shareholders Funds	81,754	80,063
Ratio	-	0
%Change	100.00%	
Remarks : Change is due to Company repaid all its Borrowings during the financial year.		
Debt Service Coverage Ratio		
EBIDTA	18,083	15,533
Principal repayments of Long term borrowings & Interest	21,356	12,749
Ratio	1	1
%Change	30.50%	

Remarks : Company repaid all its Long Term borrowings along with interest.

Particulars	2022-23	2021-22
Return on Equity/ Investment Ratio		
Net Profit after Taxes	1,691	2,110
Shareholder's Equity	81,754	80,063
Ratio	0	0
%Change	21.53%	
Inventory Turnover Ratio		
Sales	3,19,841	2,58,798
Average Inventory	8,143	6,512
Ratio	39	40
%Change	1.16%	
Trade Receivables Turnover Ratio		
Net Credit Sales	3,19,841	2,58,798
Avg Accounts Receivable	60,423	53,722
Ratio	5	5
%Change	-9.88%	
Trade Payables Turnover Ratio		
Net Credit Purchases	70,709	57,468
Avg Trade Payables	64,088	45,356
Ratio	1	1
%Change	12.92%	

Particulars	2022-23	2021-22
Net Capital Turnover Ratio		
Net Sales	3,19,841	2,58,798
Working Capital (Current Assets- Current Liabilities)	15,569	24,421
Ratio	21	11
%Change	-93.86%	
Remarks : Change is due to reduction in current liabilities as Company repaid all its Borrowings.		
Net Profit Ratio		
Net Profit	1,691	2,110
Net Sales	3,19,841	2,58,798
Ratio	0	0
%Change	35.17%	

Particulars	2022-23	2021-22
Remarks : Significant Change in Ratio is due to following reasons		
1. Increase in Turnover		
2. Decrease in Net Profit due to impact of Deferred Tax and MAT		
Return on Capital Employed		
Earning before Interest and Taxes	18,083	15,533
Capital Employed	80,770	91,817
Ratio	22.39%	16.92%
%Change	-32.34%	
Remarks : Significant Change in Ratio due to decrease in "Other Expenses".		

- b) The title deeds of immovable Properties are deemed held in the name of company in terms of Para 4 and Para 5, Para II of Annexure A of approved Scheme of BIFR. Details as under :

Description of property	Gross carrying value (Rs. In Lakhs)	Asset held in name of	Whether held in name of promoter, director or their relative or employee	Period during which it was not held in name of the Company	Reason for not being held in name of company
Land – Parbati Bagla Road, Kanpur	24,344	Duncans industries Ltd.	No	w.e.f 24.01.2012	Pursuant to Transfer of Land in terms of Para 4 and Para 5, Para II of Annexure A of approved Scheme of BIFR dated 16.01.2012
Land – 56 cantonment, Kanpur Road, Kanpur					
Land - Cee Kay Estate Udyog Vihar Industrial Area, Panki, Kanpur					

c) Loans and advances- to directors, KMP etc.

The company has not given any loans and advances- to directors, KMP etc.

d) Details of Benami Property held:

The company does not hold any benami property.

e) Willful Defaulter:

The company has not been termed as wilful defaulter.

f) Relationship with Struck off Companies:

The company has not dealt with any struck off company.

g) Borrowings and registration of charges or satisfaction with Registrar of Companies:

The company has prepaid its entire Term Loans and Working Capital fund based facilities. No Dues Certificate has been issued by the lenders and Satisfaction of Charge have also been filed with the Registrar of Companies.

h) Compliance with number of layers of companies:

The Company does not have subsidiary, therefore compliance with layers of companies is not applicable.

i) The company has not advanced/loaned/invested borrowed funds to any directors / KMPs' and their relatives.

j) Share premium, compliance with scheme of merger is not applicable to company.

k) Corporate Social Responsibility (CSR)

i) The company was not required to spent amount as CSR expenses during the FY 22-23.

ii) However, the company has incurred amount of Rs.93 (in Lakhs) as CSR expenses in FY 22-23.

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Particulars	For the year ended 31.03.2023
1) Smart Board for School	31
2) DY. Commissioner Industry, DIC Kanpur for ODOP Exhibition	5
3) DY. Commissioner Industry, Kanpur for Woolen Blankets	1
4) Provided Lab equipments to Schools	20
5) Jaypee Sewa Sansthan	21
6) Anglo Vedic Educational Association	14
7) Labour Office-2 System Set	1
Total	93

I) Details of Crypto Currency or Virtual Currency:

The company has not dealt with crypto/virtual currency.

- 5) Previous year figures have been regrouped/ reclassified wherever found necessary to make them confirm to the current year classification.
- 6) All figures have been rounded off to the nearest rupee.

Summary of Significant Accounting Policies &

Notes to the Financial Statements

“1” to “39”

For Sharma Vats & Associates

Chartered Accountants

Registration No. 031486N

For and on behalf of the Board

(Manoj Kumar Vats)

Partner

M. No. 527922

(Manoj Gaur)

Chairman

DIN : 00008480

Place: New Delhi

Dated : 06.05.2023

(Ritu Gupta)

Company Secretary

ACS-20334

(Ramesh Chand Sharma)

Jt. President & CFO

(Alok Gaur)

Jt. MD & CEO

DIN: 00112520

KANPUR FERTILIZERS & CHEMICALS LIMITED

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