

R. NAGPAL ASSOCIATES
CHARTERED ACCOUNTANTS

B-1/1018, VASANT KUNJ,
NEW DELHI - 110 070
TELEPHONE : 41082626
FAX : 26148150
EMAIL : ravinagpal@vsnl.net
ravinagpal@rnaca.in

Independent Auditor's Report

**To the Members of
JAYPEE FERTILIZERS & INDUSTRIES LIMITED**

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying financial statements of **JAYPEE FERTILIZERS & INDUSTRIES LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

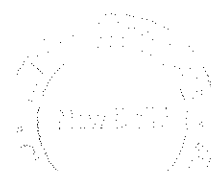
Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder, including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's



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 **JAYPEE FERTILIZERS & INDUSTRIES LIMITED**("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

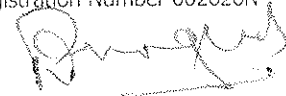
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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.

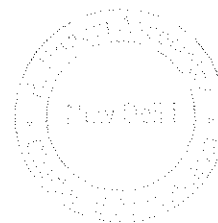
Opinion

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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For R. Nagpal Associates
Chartered Accountants
Firm Registration Number 002626N



(CA Ravinder Nagpal)
Partner
Membership No. 081594



Place: New Delhi
Date: 07.05.2018

ANNEXURE 'B' referred to in paragraph 2 of our report of even date to the members of

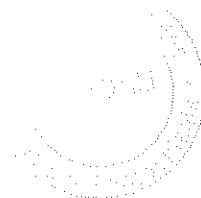
JAYPEE FERTILIZERS & INDUSTRIES LIMITED on the accounts of the Company for the year ended 31st March 2018.

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) In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed Assets.
 - b. The only tangible Fixed Assets i.e. Computer Equipment held by the Company was physically verified at the end of the financial year. According to information and explanations given to us, no discrepancy was noticed on such verification.
 - c. As per information and Explanations given to us and on the basis of records examined by us, the company has not made investment in any immovable property and as such comments from the auditors are not required.
- (ii) As the Company has no inventory, Clause 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the company had, granted, in earlier years, loans secured and unsecured to companies, Firms, Limited Liability Partnership or other parties under the scheme of acquiring and rehabilitation of sick Industrial Fertilizer manufacturing Unit of Duncans Industries Ltd. Kanpur, and is covered under Register maintained under Section 189 of Companies Act, 2013.

In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to grant of loans, investment in shares of Jaypee Uttar Bharat Vikas (P) Ltd. special purpose vehicle and of Kanpur Fertilizers and Cements Ltd. and the payments against expenses. During the Course of audit we have not observed any major weakness in such internal control system.

- (iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees, and security , the provisions of Section 185 and 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) In our opinion Clause (vi) of Para 3 of the Order relating to cost accounting records is not applicable.



(vii) (a) As per records produced before us and according to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues applicable to it like, Income-tax etc, and other material statutory dues applicable to it with the appropriate authorities, and there were no arrears of such dues at the end of the year which have remained outstanding for a period of more than six months from the date they became payable.

(b) As per records produced before us the dues of Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty and cess which have not been deposited on account of any dispute are stated hereunder:

Name of Statute (Nature of dues)	Period to which amount relates	Dispute is pending	Total (Rs.in Lacs)
Income Tax	FY 2012-13	ITAT	Rs. 246.47/-

(viii) As at 31st March 2018, the Company has not issued any debentures nor taken any loans from banks or financial institutions, Clause 3(viii) of the Order is not applicable.

(ix) The Company has not taken any term loans nor raised any money by way of initial public offer or further public offer (including debt instruments) hence Clause 3(ix) of the Order is not applicable.

(x) 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.

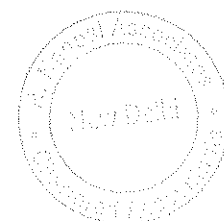
(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act

(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) Based on information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

(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.



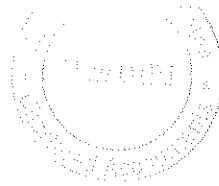
- (xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For R. Nagpal Associates
Chartered Accountants
Firm Registration Number 002626N



(CA Ravinder Nagpal)
Partner
Membership No. 081594

Place: New Delhi
Date: 07.05.2018



JAYPEE FERTILIZERS & INDUSTRIES LIMITED
Balance Sheet as at 31 March 2018

(Amount in ₹)

Particulars	Note No	As on 31 March 2018	As on 31 March 2017
Assets			
Non Current assets			
Property ,Plant and Equipment	3	2,477	6,045
Capital Work in Progress		-	82,764,365
Financial Assets			
(i)Investments	4	7,961,000,980	7,861,750,980
Deffered Tax Assets (Net)	5	501,288	601,547
		7,961,504,745	7,945,122,937
Current Assets			
Financial Assets			
(i)Cash and Cash equivalents (Including Bank Balance)	6	3,179,107	462,964
(ii) Loans	7	-	99,250,000
(iii) other financial assets	8	-	2,499,151
Current Tax assets (Net)	9	20,343,068	15,572,774
Other Current Assets	10	431	251,285
		23,522,606	118,036,174
		7,985,027,351	8,063,159,111
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	4,965,000,000	4,965,000,000
Other Equity	12	2,889,887,860	2,991,880,852
		7,854,887,860	7,956,880,852
Non Current Liabilities			
Financial Liabilities			
Provisions	13	1,153,228	989,998
		1,153,228	989,998
Current Liabilities			
Financial Liabilities			
(i) Other Financial Liabilities	14	126,313,280	103,319,875
Other Current Liabilities	15	2,617,545	1,843,495
Provisions	16	55,438	124,891
		128,986,263	105,288,261
Total		7,985,027,351	8,063,159,111

Summary of Significant Accounting Policies &
Notes to the Financial Statements

"1" to "22"

As per our report of even date attached to the Balance Sheet

For R. Nagpal Associates

Chartered Accountants

Firm Registration No.: 002626N

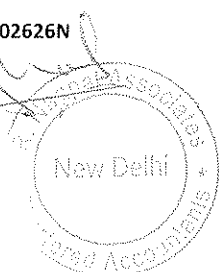
(R. NAGPAL)

Partner

M.No. 081594

Place: New Delhi

Dated : 07.05.2018



For and on behalf of the Board

(Sunil Joshi)

Whole Time Director

DIN: 00025798

(Sunil Kumar Sharma)

Chairman

DIN: 00008125

JAYPEE FERTILIZERS & INDUSTRIES LIMITED

Profit and Loss for the period ended 31 March 2018

(Amount in ₹)

Particulars	Note No	For the period ended 31 March 2018	For the period ended 31 March 2017
Revenue from operations		-	-
Other income	17	22,954,383	4,124,062
Total Income		22,954,383	4,124,062
Expenses:			
Employee benefits expense	18	37,848,755	18,428,463
Finance costs	19	78,050	113,313,083
Depreciation and amortization Expense	20	3,568	8,032
Other expenses	21	86,792,194	1,455,721
Total expenses		124,722,567	133,205,299
Profit/(Loss) before exceptional items and tax		(101,768,184)	(129,081,237)
Exceptional Items (Expenses)		-	(21,018)
Profit/(Loss) before tax		(101,768,184)	(129,102,255)
Tax expense:			
Tax for earlier year (AY 2016-17)		-	17,582,002
Deferred tax		100,258	(4,085,809)
Total tax expenses		100,258	13,496,193
Profit/ (loss) for the period		(101,868,442)	(142,598,448)
Profit/ (loss) for the period attributed to			
i) Non Controlling Interests		NIL	NIL
ii) Owners of the Parent		100%	100%
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(124,550)	768,521
Total Other comprehensive income		(124,550)	768,521
Total Other Comprehensive Income for the period attributed to			
i) Non Controlling Interests		NIL	NIL
ii) Owners of the Parent		100%	100%
Total Comprehensive Income/(Loss) for the period		(101,992,992)	(141,829,927)
Earnings per Share			
(1) Basic		(0.2052)	(0.3227)
(2) Diluted		(0.2034)	(0.3196)

Summary of Significant Accounting Policies & Notes to the Financial Statements

"1" to "22"

As per our report of even date attached to the Balance Sheet

For R. Nagpal Associates

Chartered Accountants

Firm Registration No.: 002626N

(R. NAGPAL)

Partner

M.No. 081594

Place: New Delhi

Dated : 07.05.2018



For and on behalf of the Board

(Sunil Joshi)

Whole Time Director

DIN: 00025798

(Sunil Kumar Sharma)

Chairman

DIN: 00008125

JAYPEE FERTILIZERS & INDUSTRIES LIMITED
Statement of Changes in Equity for the Period Ended March 2018

(Amount in ₹)

Equity Particulars	
a. Equity share capital	
Balance at 31 March 2016	3,872,950,000
Equity share issued during the year	1,092,050,000
Balance at 31 March 2017	4,965,000,000
Equity share issued during the year	-
Balance at 31 March 2018	4,965,000,000

Particular	Other equity (Preference share capital)	Retained Earnings	Remeasurements of the defined benefit plans	Total
Other equity				
Balance at 31 March 2016	4,158,078,000	(1,025,221,288)	854,067	3,133,710,779
Profit for the year		(142,598,448)		(142,598,448)
Remeasurement of defined benefit liability (net of tax)			768,521	768,521
Balance at 31 March 2017	4,158,078,000	(1,167,819,736)	1,622,588	2,991,880,852
Profit for the year		(101,868,442)		(101,868,442)
Remeasurement of defined benefit liability (net of tax)			(124,550)	(124,550)
Balance at 31 March 2018	4,158,078,000	(1,269,688,178)	1,498,038	2,889,887,860

Summary of Significant Accounting Policies & Notes to the Financial Statements
 As per our report of even date attached to the Balance Sheet

For R. Nagpal Associates
 Chartered Accountants

Firm Registration No.: 002626N

(R. NAGPAL)
 Partner

M.No. 081594

Place: New Delhi
 Dated : 07.05.2018

For and on behalf of the Board

(Sumit Joshi)
 Whole Time Director

DIN: 00025798

(Sunil Kumar Sharma)

Chairman

DIN: 00008125



JAYPEE FERTILIZERS & INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(Amount in ₹)

Cash flow statement	Year ended 31 march 2018	Year ended 31 March 2017
A Cash flows from operating activities		
Profit for the year	(101,768,184)	(129,102,255)
Adjustments for:		
- Depreciation	3,568	8,032
- Interest and finance charges	78,050	113,313,083
- Interest income on fixed deposits	(2,329,630)	(3,013,882)
- Other adjustment	(124,550)	768,521
Operating profit before working capital changes	(104,140,746)	(18,026,501)
Adjustments for :		
- (Increase) / decrease in other current assets	250,854	(8,625)
- Increase / (decrease) in trade payables	-	(100,000)
- (Increase) / Decrease in Other Financial Assets	2,499,151	-
- Increase / (decrease) in other current liabilities	774,050	1,038,950
- Increase / (decrease) in other financial liabilities and provision	23,087,183	(51,301,860)
Cash generated from operations	(77,529,508)	(68,398,036)
- Income tax refund/ (paid)	(4,770,294)	(28,400,812)
Net Cash flow generated from operating activities	(82,299,802)	(96,798,848)
B Cash flow from investing activities		
- Fixed deposit maturity	-	136,500,000
- Interest received	2,329,630	5,102,330
- Change in PPE (Including Net Movement In CWIP)	82,764,365	-
- Loan Adjusted	99,250,000	-
- Investment purchased	(799,250,000)	-
- Investment redeemed	700,000,000	-
Net cash flows (used in) investing activities	85,093,995	141,602,330
C Cash flow from financing activities		
- Issue of equity share	-	1,092,050,000
- (Repayments of) long term borrowings & interest	-	(1,050,000,000)
- Interest and finance charges paid	(78,050)	(86,884,923)
Net cash flows (used in)/ generated from financing activities	(78,050)	(44,834,924)
Net change in cash and cash equivalents (A+B+C)	2,716,143	(31,442)
Cash and cash equivalents- opening balance	462,964	494,406
Cash and cash equivalents- closing balance	3,179,107	462,964

Notes to cash flow statement:

Cash and cash equivalents include :

Cash on hand	9,968	138
Balances with banks:	3,169,139	462,826

Cash and cash equivalents at the end of the year [refer note no 6]

3,179,107	462,964
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Notes on financial statements

As per our report attached

Summary of Significant Accounting Policies & Notes to the Financial Statements

"1" to "22"

As per our report of even date attached to the Balance Sheet

For R. Nagpal Associates

Chartered Accountants

Firm Registration No.: 002626N

(R. NAGPAL)

Partner


M.No. 081594

Place : New Delhi

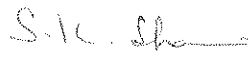
Dated : 07.05.2018



For and on behalf of the Board


(Sunil Joshi)

Whole Time Director
DIN: 00025798


(Sunil Kumar Sharma)

Chairman
DIN: 00008125

Note No."1" Nature of Operations

The company is 100% subsidiary of Jaiprakash Associates Limited. The entire paid up equity share capital of the company is held by Jaiprakash Associates Limited, Holding company including 600 equity shares held by the subscribers to the memorandum as nominee of the company.

Note No."2" Significant Accounting Policies

a. Basis of preparation

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

b. Property, Plant and Equipment (PPE)

The Company has elected to use a previous GAAP cost (cost less accumulated depreciation and impairment losses (if any)) of an item of property, plant and equipment at, or before, the date of transition to Ind ASs as deemed cost at the date of transition in accordance with requirements of option available in Ind AS 101.

The carrying amount of PPE is stated in the balance sheet after deducting accumulated depreciation and accumulated impairment losses thereon if any.

Components of costs

The cost of an asset includes the purchase cost of materials, including import duties and non-refundable taxes installation of fixed assets borrowing costs if capitalization criteria are met and any directly attributable costs of bringing an asset to the location and condition of its intended use.

Subsequent expenditure related to an item of PPE is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the period during which such expenditure is incurred. However major spare parts, standby equipments and servicing equipments qualify under PPE model when an entity expects to use them during more than one period.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest and recognized under CWIP.

The carrying amount of a property, plant and equipment is de-recognized when no future economic benefits are expected from its use or on disposal. Any gain or



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loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in line with IndAs 16.

Depreciation commences when the assets are ready for their intended use. Depreciation on all property plant and equipment except land are provided on a straight line method at the rates and in the manner specified in schedule II of the Companies Act, 2013, which is follows

Assets	Useful Lives
Computer	6 Years

Fixed assets are stated at cost less accumulated depreciation. Cost includes all costs relating to acquisition and installation of fixed assets including any incidental costs of bringing the assets to their working condition for their intended use. The depreciation period and method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the depreciation period is changed accordingly.

c. Intangible assets

An identifiable intangible asset shall be recognized if it is probable using reasonable and supportable assumptions representing management best estimates that the expected future economic benefits that are attributable to the asset will flow to the entity and cost of asset can be measured reliably.

An intangible asset shall be measured initially at cost and will include its purchase price, import duties, non refundable purchase taxes, and directly attributable cost of preparing the asset for its intended use less trade discount and rebates.

The Cost of Intangible assets are amortized on a straight line basis over their estimated useful life in manner specified in schedule II of the companies act 2013.

The amortization period and method are reviewed at least at each financial year end. If the expected useful life of the assets is significantly different from previous estimates, the amortization period is changed accordingly.

An intangible assets is derecognized for disposal, or when expected future economic benefits that are attributable to the asset stop flowing to the entity due to age and condition, gain and loss arising from de-recognition of an intangible assets are measured as the difference between the net amount of proceeds (Residual value minus Estimate cost of disposal) and the carrying amount of the assets in the statement of profit and loss.

Further expenditure on intangible item shall be recognized as an expense when it is incurred provided it do not form part of the cost of an intangible asset that meets the recognition criteria as well as not an item of asset acquired in a business combination.

R. S. S.
SR



d. Inventories

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

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

e. Revenue Recognition

Sales

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

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

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

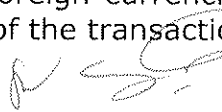


The Company manufactures Urea, which is rate regulated by Government of India (GoI). Subsidy from Urea is recognized in sales / income on the bills generated through Integrated Fertilizers Monitoring System (ISMS) of GoI on accrual basis in profit & loss accounts in accordance with Ind AS 20.

Interest

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

f. Foreign Currency Transaction

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

At the end of each reporting period-

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

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

g. Retirement and other employee benefits

1) 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

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benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

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

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

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

h. Borrowing cost

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

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

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

i. Leases

Finance lease

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

Operating lease

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

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

j. Earnings per share

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

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

k. Income Taxes

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

i) Current tax

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

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

ii) Deferred tax

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

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



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

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

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets and, the Company recognizes a previously unrecognized Deferred Tax Asset to the extent that it has become probable that future taxable profit will allow the Deferred Tax Asset to be recovered.

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

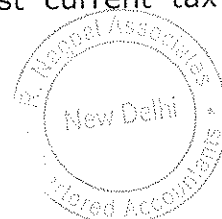
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the

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

iii) Current and deferred tax for the year

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

I. Impairment of tangible and intangible assets

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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m. Provisions

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

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

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

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

n. Contingent liabilities

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

o. Operating cycle

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

p. Use of estimates

The preparation of financial statements in conformity with Ind ASs requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the



outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

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

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

r. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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s. Financial Instrument

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

Financial asset is any assets that is

- Cash;
- An equity instrument of another entity;
- A contractual right:
 - (i) To receive cash or another financial asset from another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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

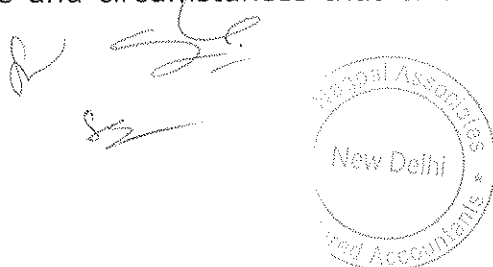
Financial Liability is any liabilities that is

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

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

Transitional provisions in opening balance sheet as per Ind AS 101

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



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

Classification

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

- (i) The entity's business model for managing the financial assets and
- (ii) The contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortized cost if both of the following conditions are met:

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

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

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

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. All financial liabilities are subsequently measured at amortized cost using the effective interest method or fair value through profit or loss.

Recognition

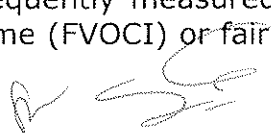


Financial assets and financial liabilities are recognized when and only when the Company becomes party to the contractual provisions of the instrument.

Initial Measurement

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

Subsequent measurement of financial assets

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

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

Effective interest method

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

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

Trade receivables

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

Impairment of financial assets

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

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

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

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial

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recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

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

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

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

De-recognition of financial assets

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

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

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

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comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial Liabilities

Financial liabilities subsequently measured at amortized cost

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

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

Financial liabilities at FVTPL

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

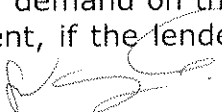


Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement being recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

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

Borrowings

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

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

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

Trade payables

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

Equity instruments

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

Preference share capital

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

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

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

- a) The instrument includes no contractual obligation:
 - To deliver cash or another financial asset to another entity; or
 - To exchange financial assets or financial liabilities with another entity under conditions that is potentially unfavorable to the issuer.

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

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

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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.

R.S.
SR



JAYPEE FERTILIZERS & INDUSTRIES LIMITED

Notes to Balance Sheet

(Amount in ₹)

3 Property Plant & Equipment

Cost or deemed cost	Computers
Gross Block	
As at 31 March 2016	49,550
Additions	
As at 31 March 2017	49,550
Additions	
As at 31 March 2018	49,550
Accumulated Depreciation	
As at 31 March 2016	35,473
Charge for the year	8,032
As at 31 March 2017	43,505
Charge for the year	3,568
As at 31 March 2018	47,073
Net Block(As at 31 march 2016)	14,077
Net Block(As at 31 March 2017)	6,045
Net Block(As at 31 March 2018)	2,477
Capital Work In Progress(As at 31 march 2016)	82,764,365
Capital Work In Progress(As at 31 March 2017)	82,764,365
Capital Work In Progress(As at 31 March 2018)	-

Rs. 8,27,64,365/- standing as Capital Work in Progress has been written off during the year as the Company does not propose to go ahead with the project.



JAYPEE FERTILIZERS & INDUSTRIES LIMITED
Notes to Balance Sheet

(Amount in ₹)

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
4	Investments		
	Investments in equity instrument		
	In subsidiary		
	JAYPEE UTTAR BHARAT VIKAS PVT. LTD(2,00,00,000(Previous year 1,00,00,000) equity share of Rs. 10/- each)	899,250,000	100,000,000
	KANPUR FERTILIZERS & CEMENT LIMITED (56,07,549(Previous year 107,549) equity share of Rs. 10/- each)	112,150,980	2,150,980
		<u>1,011,400,980</u>	<u>102,150,980</u>
	Investment in Other equity (Preference share capital)		
	In subsidiary		
	JAYPEE UTTAR BHARAT VIKAS PVT LTD Compulsory Convertible Preference Shares (CCPS) (38,02,100(previous year 38,02,100) 10% CCPS of Rs. 10/- each, Ratio 1:1)	3,802,100,000	3,802,100,000
	KANPUR FERTILIZERS & CEMENT LIMITED Compulsory Convertible Preference Shares (CCPS) (Previous year 90,00,000 10% CCPS of Rs. 10/- each, Ratio 1:1)	900,000,000	900,000,000
	KANPUR FERTILIZERS & CEMENT LIMITED 11% Compulsory Convertible Preference Shares (CCPS) (11,23,75000(Previous year 11,78,75000) 11% CCPS of Rs. 10/- each Ratio 1 : 1)	2,247,500,000	2,357,500,000
		<u>6,949,600,000</u>	<u>7,059,600,000</u>
	Other Investment		
	Advance given to ISG traders	-	700,000,000
		<u>-</u>	<u>700,000,000</u>
		<u>7,961,000,980</u>	<u>7,861,750,980</u>
	Aggregate amount of unquoted investments	7,961,000,980	7,861,750,980
	During the year 55,00,000, 11% Compulsory Convertible Preference Shares (CCPS) of Kanpur Fertilizers & Cement Limited have been converted into 55,00,000 equity shares @ Rs. 10 per share.		
	The company has acquired 1,00,00,000 Equity Shares of Rs. 10/- each of Jaypee Uttar Bharat Vikas Private Limited by invoking pledge on shares held by ISG Traders Limited against loan of Rs. 9,92,50,000/- and by exercising call option against Rs. 70,00,00,000/- paid to ISG Traders Limited for purchase of shares. Interest on loan has been waived off by the company.		
5	Deferred tax liabilities (Net)		
	Deferred tax liabilities on account of		
	Others (Opening Amount)	-	4,085,809
	Written Back	-	(4,085,809)
	Closing Amount	<u>-</u>	<u>-</u>
	Deferred tax assets	501,288	601,547
		<u>501,288</u>	<u>601,547</u>
6	Cash and cash equivalents		
	Balance with Banks	3,169,139	462,826
	Cash on hand	9,968	138
		<u>3,179,107</u>	<u>462,964</u>
7	Loans		
	Secured, considered good		
	ISG Traders	-	80,000,000
	Unsecured, Considered Goods		
	Loans to related parties	-	-
	ISG Traders	-	19,250,000
		<u>-</u>	<u>99,250,000</u>
8	Other Financial assets		
	Accrued interest receivable	-	2,499,151
		<u>-</u>	<u>2,499,151</u>
9	Current Tax assets/liability		
	Advance tax	20,343,068	17,105,868
	Less Provision for tax	-	1,533,094
		<u>20,343,068</u>	<u>15,572,774</u>
10	Other current assets		
	Prepaid expenses	431	8,625
	Advances to vendors	-	242,660
		<u>431</u>	<u>251,285</u>



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Note No	Particulars	As on 31 March 2018	As on 31 March 2017
11	Share Capital		
	Authorized share capital		
	99,00,00,000 Equity Share Capital of Rs.10/- each(Previous year	9,90,00,00,000	9,95,00,00,000
	99,50,00,000 Equity share of Rs. 10/- each.		
		9,90,00,00,000	9,95,00,00,000
	Issued, Subscribed & fully Paid share capital		
	Equity Share Capital	4,96,50,00,000	4,96,50,00,000
	49,65,00,000 Equity Shares of Rs. 10/- each fully paid up. (Previous year		
	49,65,00,000 Equity Shares of Rs. 10/- each fully paid up)		
	Total	4,96,50,00,000	4,96,50,00,000
11.1	Reconciliation of no. of shares Equity	As at 31.03.2018	As at 31.03.2017
	Shares outstanding at the beginning of the current reporting period	49,65,00,000	38,72,95,000
	Shares issued during the current reporting period	-	10,92,05,000
	Closing no. of shares	49,65,00,000	49,65,00,000
11.2	Details of Shareholders having more than 5 % shareholding in paid up capital of the company Equity		
	Jaiprakash Associates Limited	49,65,00,000 shares 100% Holding	49,65,00,000 shares 100% Holding
	The entire Paid up Equity Share Capital of the Company is held by Jaiprakash Associates Limited, Holding Company including 600 Equity Shares held by the subscribers to the Memorandum of Association as nominee of the Company and as such making the Company a 100% subsidiary of Jaiprakash Associates Limited (JAL). Board of Directors have not recommended any dividend on equity shares of the Company.		
11.3	Other Clauses of Share capital are not applicable.		
12	Other Equity	As on 31 March 2018	As on 31 March 2017
	(i)Equity component of financial instrument		
	Opening balance	4,15,80,78,000	4,15,80,78,000
	Closing balance	4,15,80,78,000	4,15,80,78,000
	(ii)Reserves and Surplus		
	(a) Surplus (Profit and loss balance)		
	Opening balance	(1,16,78,19,736)	(1,02,52,21,288)
	Profit / (Loss) for the year	(10,18,68,442)	(14,25,98,448)
	Total reserve and surplus	(1,26,96,88,178)	(1,16,78,19,736)
	iii) Other comprehensive Income		
	(a) Remeasurement of Defined benefit plan (net of tax)		
	Opening balance	16,22,588	8,54,067
	Addition/Deduction during the year	(1,24,550)	7,68,521
	Closing balance	14,98,038	16,22,588
	Total other equity	2,88,98,87,860	2,99,18,80,852



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JAYPEE FERTILIZERS & INDUSTRIES LIMITED

Notes to Balance Sheet

(Amount in ₹)

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
13	Long term Provisions		
	Provision for employee benefit		
	Gratuity	473,058	418,440
	Leave Encashment	680,170	571,558
		1,153,228	989,998
14	Other Financial liabilities		
	Expenses Payable	2,076,637	3,322,222
	Amount Payable To Related Parties	1,377,873	1,377,873
	Other Payable	122,858,770	98,619,780
		126,313,280	103,319,875
15	Other current liabilities		
	Statutory taxes and dues		
	TDS Payable	2,106,651	1,746,970
	GST Payable	510,894	-
	Service Tax Payable	-	96,525
		2,617,545	1,843,495
16	Provisions		
	Gratuity	19,512	14,892
	Leave encashment	35,926	109,999
		55,438	124,891

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JAYPEE FERTILIZERS & INDUSTRIES LIMITED

Note to Profit and Loss

(Amount in ₹)

Note No	Particulars	For the period ended 31 March 2018	For the period ended 31 March 2017
17	Other Income		
	Income From Support Services	20,319,359	-
	Interest Income on Fixed Deposit	2,329,630	3,013,882
	Excess Provision Written Back	-	405,047
	Interest On Refund of TDS	305,394	510,733
	Notice Pay Recovery	-	194,400
		<u>22,954,383</u>	<u>4,124,062</u>
18	Employee Benefit Expense		
	Salaries and wages	35,167,639	17,408,264
	Leave Encashment	144,074	190,092
	Gratuity	113,052	-
	Car Hire Charges	2,423,990	830,107
		<u>37,848,755</u>	<u>18,428,463</u>
19	Finance Cost		
	Interest		
	Interest to Banks on Term Loan	-	110,344,500
	Interest (Others)	78,050	2,968,583
		<u>78,050</u>	<u>113,313,083</u>
20	Depreciation and Amortization expense		
	Depreciation on Tangible Assets	3,568	8,032
		<u>3,568</u>	<u>8,032</u>
21	Other expenses		
	Capital Work in Progress Written Off	82,764,365	-
	Balance Write Off (Net)	2,714,122	-
	Bank Charges	15,226	51,233
	Taxes & Fees	317,165	28,530
	Legal & Professional Charges	194,487	464,483
	Annual Maintenance Contract (Others)	12,534	25,725
	Director's Sitting Fee	246,500	482,500
	Auditor's Remuneration		
	Audit Fee	437,500	345,750
	Tax Audit Fee	50,000	57,500
	Secretarial Audit Fee	40,000	-
	Miscellaneous Expenses	295	-
		<u>86,792,194</u>	<u>1,455,721</u>

*Audit Fee includes Rs. 3,37,500/- paid to previous auditors for IndAS conversion.



Statement of Ordinary Shares Issued/ Purchased
Calculation of EPS

31.03.2017

profit	(142,598,448)
Net profit	<u>(142,598,448)</u>

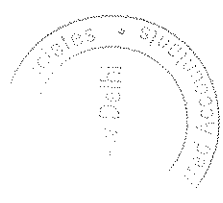
Date	O/s share	Weighting (Months)	Weighted Average
01/04/2016	277585000	1	277585000
01/04/2016	2360000	1	2360000
01/04/2016	2350000	1	2350000
01/04/2016	105000000	1	105000000
10-10-16	109205000	6/12	54602500
	496500000		<u>441897500</u>

BASIC EPS $\frac{\text{Net profit after pref div}}{\text{Weighted average no. of shares}}$

CCPS	-0.3227
01/04/2016	4350000
	1
	4350000

DILUTED EPS $\frac{\text{Net profit after pref div}}{\text{Weighted average no. of shares}}$

-0.3196



31.03.2018

profit	(101,868,442)
Net profit	<u>(101,868,442)</u>

Date	O/s share	Weighting (Months)	Weighted Average
01/04/2017	277585000	1	277585000
01/04/2017	2360000	1	2360000
01/04/2017	2350000	1	2350000
01/04/2017	105000000	1	105000000
01/04/2017	109205000	1	109205000
	496500000		<u>496500000</u>

BASIC EPS $\frac{\text{Net profit after pref div}}{\text{Weighted average no. of shares}}$

CCPS	-0.2052
01/04/2017	4350000
	1
	4350000

DILUTED EPS $\frac{\text{Net profit after pref div}}{\text{Weighted average no. of shares}}$

-0.2034

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JAYPEE FERTILIZER & INDUSTRIES LIMITED
NOTE NO "22" FORMING PART OF FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

1. Contingent liabilities and commitment(to the extent not provided for)

Amount in ₹

Particulars	Figures as at the end of current reporting year 31.03.2018	Figures as at the end of current reporting year 31.03.2017
Tax Demand Disputed (under appeal) net off refund	2,46,47,090	2,86,56,390
Estimated amount of contracts remaining to be executed on capital account	-	8,80,000

The contingent liability pertains to the income tax demand for A/Y 2012-13 net off TDS refund for A/Y 2013-14 till A/Y 2017-18 retained by income tax department.

2. Related party disclosure

Name of related party and relationship

a) **Holding Company-**

Jaiprakash Associates Limited

b) **Subsidiary Company**

Jaypee Uttar Bharat Vikas Private Limited and Kanpur Fertilizers & Industries Limited

c) **Fellow Subsidiary Companies**

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

d) **Associate Companies:**

1. Jaiprakash Power Ventures Limited (JPVL)
2. Jaypee Powergrid Limited (JV subsidiary of JPVL)
3. Jaypee Arunachal Power Limited (wholly owned subsidiary of JPVL)
4. Sangam Power Generation Company Limited (wholly owned subsidiary of JPVL)
5. Jaypee Meghalaya Power Limited (wholly owned subsidiary of JPVL)
6. Bina Power Supply (wholly owned subsidiary of JPVL)
7. MP Jaypee Coal Limited (JV Associate Co.)
8. MP Jaypee Coal Fields Limited (JV Associate Co.)
9. Madhya Pradesh Jaypee Minerals Limited (JV Associate Co.)
10. Jaypee Infra Ventures (A Private Company With Unlimited Liability) (JIV)

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JAYPEE FERTILIZER & INDUSTRIES LIMITED
NOTE NO "22" FORMING PART OF FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

11. Jaypee Development Corporation Limited (JDCL) (wholly owned subsidiary of JIV)
12. Andhra Cements Limited (subsidiary of JDCL)
13. JIL Information Technology Limited (JILIT) (Subsidiary of JIV)
14. Gaur & Nagi Limited (wholly owned subsidiary of JILIT)
15. Jaypee International Logistics Company Private Limited (wholly owned subsidiary of JIV)
16. Tiger Hills Holiday Resort Private Limited (wholly owned subsidiary of JDCL)
17. Anvi Hotels Private Limited (subsidiary of JIV) (dissolved w.e.f. 16.07.16)
18. Indesign Enterprises Private Limited (IEPL) (subsidiary of JIV)
19. Ibonshourne Limited (subsidiary of IEPL w.e.f. 11.01.16)
20. RPJ Minerals Private Limited (RPJMPL)
21. Sarveshwari Stone Products Private Limited (wholly-owned subsidiary of RPJMPL)
22. Rock Solid Cement Limited (wholly-owned subsidiary of RPJMPL)
23. Sonebhadra Minerals Private Limited

e) KMP based Associate Cos.

1. Pac Pharma Drugs and Chemicals Private Limited (KMP based Associate Co.) (controlled by relative of Shri Sunil Kumar Sharma) (Dissolved on 16.04.2016)
2. Lucky Strikes Financiers Private Limited (Jointly controlled by relative of Shri Sunil Joshi / Ms. Sunita Joshi)

f) Key Management Personnel :

- | | | |
|----------------------------|---|---------------------|
| 1. Shri Sunil Kumar Sharma | : | Chairman |
| 2. Shri G.P. Gaur | : | Director |
| 3. Ms. Sunita Joshi | : | Director |
| 4. Shri Rahul Kumar | : | Director |
| 5. Shri Sunil Joshi | : | Whole-time Director |
| 6. Shri S.L. Mohan | : | Director |
| 7. Shri Amit Sharma | : | Director |
| 8. Shri S.D. Nailwa | : | Director |

The schedule of related party transaction is as follows.

Amount in ₹			
Particulars	Related party	As at 31-03-2018	As at 31-03-2017
Receipts			
Receipt against allotment of Equity Shares	Referred in (a) above	-	109,20,50,000
Receipt towards reimbursement of expenses by KFCL	Referred in (b) above	5,27,97,020	3,46,94,680
Expenditure			
Remuneration to Whole Time Director	Referred in (f) above	87,95,400	74,47,425
Outstanding Balances as at 31.03.2018			
Payable	Referred in (a) above	13,77,873	13,77,873
Payable	Referred in (b) above	12,28,58,870	9,85,88,680

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JAYPEE FERTILIZER & INDUSTRIES LIMITED
NOTE NO "22" FORMING PART OF FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

3. Financial Instrument

(i) **Capital Management-** The gearing ratio at the end of reporting period are as follows.

Amount in ₹

Particulars	As at March 31, 2018	As at March 31, 2017
Debt*	-	-
Cash and bank balances (Including Cash and Bank Balances In a Disposal Group Held For Sale)	31,79,107	4,62,964
Net Debt	(31,79,107)	(4,62,964)
Total Equity	785,48,87,861	795,68,80,852
Net Debt to Equity Ratio	-	-

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

(ii) **Categories of Financial Instruments**

Amount in ₹

Financial Assets	As at March 31, 2018	As at March 31, 2017
Measured at Amortised Cost		
a) Cash and Cash Equivalent Including Bank Balance	31,79,107	4,62,964
b) Loan	-	9,92,50,000
c) Other Financial Assets	-	24,99,151
Measured at Cost as per Ind AS 27		
Investment in Subsidiary	796,10,00,980	716,17,50,980
Advance Given to ISG Traders	-	70,00,00,000
Total	796,41,80,087	796,39,63,095

Financial Liabilities	As at March 31, 2018	As at March 31, 2017
Measured at Amortised Cost		
a) other Financial Liability	12,65,55,940	10,33,19,875
Total	12,65,55,940	10,33,19,875

(iii) **Liquidity Risk Management**

The company activities do not have any market risk and credit risk exposure. The company has limited exposure related to liquidity risk which is as follows.

Amount in ₹

Particulars	Weighted average effective interest rate (%)				Total	Carrying amount
		Within 1 year	1-5 years	5+ years		
As at March 31, 2018						
Other Financial Liabilities	-	12,65,55,940	-	-	12,65,55,940	12,65,55,940
Total	-	12,65,55,940	-	-	12,65,55,940	12,65,55,940



JAYPEE FERTILIZER & INDUSTRIES LIMITED
NOTE NO "22" FORMING PART OF FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

Particulars	Weighted average effective interest rate (%)	Within 1 year	1-5 years	5+ years	Total	Carrying amount
As at March 31, 2017						
Other Financial Liabilities	-	10,33,19,875	-	-	10,33,19,875	10,33,19,875
Total	-	10,33,19,875	-	-	10,33,19,875	10,33,19,875

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

Particulars	Carrying value	
	As at March 31, 2018	As at March 31, 2017
i) Financial Assets - Current		
Cash and Cash Equivalents	31,79,107	4,62,964
Loans	-	9,92,50,000
Other Financial Assets	-	24,99,151
ii) Financial Liabilities - Current		
Other Financial Liabilities	12,65,55,940	10,33,19,875

4. There are no trade receivables.
5. Rs. 8,27,64,365/- standing as Capital Work in Progress has been written off during the year as the company does not propose to go ahead with the project.
6. Previous year figures have been regrouped/ reclassified wherever found necessary to make them confirm to the current year classification.
7. All figures have been rounded off to the nearest rupee.

Summary of Significant Accounting Policies &

Notes to the Financial Statements "1" to "22"

As per our report of even date attached to the Balance Sheet

For R. Nagpal Associates

Chartered Accountants

Firm Regn No.: 002626N

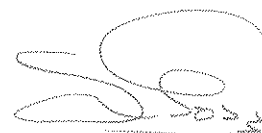


(R. NAGPAL)
Partner
M.No. 081594



Place: New Delhi
Dated : 07.05.2018

For and on behalf of the Board



(Sunil Joshi)
Whole Time Director
DIN: 00025798



(Sunil Kumar Sharma)
Chairman
DIN: 00008125