



SGS Associates

Company Secretaries

Form No. MR-3

SECRETARIAL AUDIT REPORT

FIRST FLOOR, 14, RANI JHANSI ROAD,
NEW DELHI-110 055 TEL.: 41524497, 42404326

gsdel@gmail.com

www.poojagupta.com

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

TO
THE MEMBERS
KANPUR FERTILIZERS & CEMENT LIMITED
SECTOR-128, NOIDA-201304

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/S KANPUR FERTILIZERS & CEMENT LIMITED** (hereinafter called the **company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

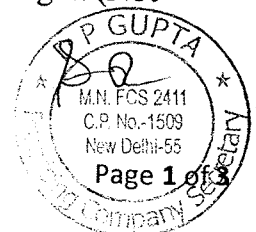
Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2019 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:

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

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

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



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

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

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

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

For SGS ASSOCIATES

Company Secretaries

D.P. Gupta

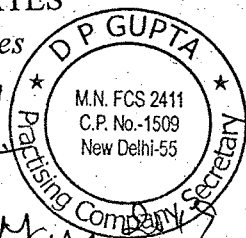
D.P. Gupta

Date: 18th May

Place: - New Delhi

M N FCS 2411

C P No. 1509



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

To,

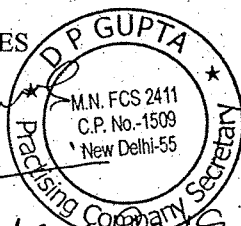
The Members
Kanpur Fertilizers Limited
Sector-128, Nodia - 201304
Distt. Gautam Budh Nagar, Uttar Pradesh

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

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

For SGS ASSOCIATES
Company Secretaries

D.P. Gupta



D.P. Gupta
Date: 18th May 2019
Place: - New Delhi
M N FCS 2411
C P No. 1509

RAVI RAJAN & CO.

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To The Members of Kanpur Fertilizers & cement Ltd Report
on the Standalone Financial Statements

Unmodified Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

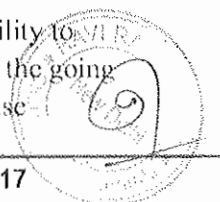
We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of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

Management's Responsibility for the Standalone Financial Statements

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease



operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility

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

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company is not required to make any provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on



long-term contracts including derivative contracts.

- iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund.

For **RAVI RAJAN & CO.**
Chartered Accountants
(Firm's Registration No. 009073N)


Jayanth.A

Partner

(Membership No. 231549)

Place: New Delhi,
Date: 6th May, 2019



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

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

- i. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a policy to verify its fixed assets once in three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The exhaustive physical verification was carried during 2017 and the physical verification of fixed assets was not due for the current year.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are deemed held in the name of company in terms of Paras 4 and 5, Part II of Annexure A of approved scheme of BIFR.

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

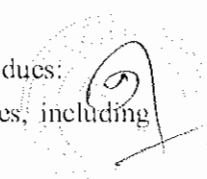
- iii. According to the information and explanations given to us, the Company has not granted unsecured loans covered in the register maintained under section 189 of the Companies Act, 2013.

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable. The company has not granted any loans, or provided securities.

- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, reporting under clause (v) of CARO 2016 is not applicable to the Company.

- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the companies Act 2013. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Records and Audit) Rules 2014, as amended prescribed by the Central Government under sub section (1) of section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete but we have relied upon the report submitted by the cost auditor for the FY 2017-18.

- vii. According to the information and explanations given to us, in respect of statutory dues:
The Company has generally been regular in depositing undisputed statutory dues, including



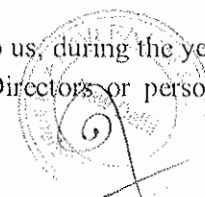
Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

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

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

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

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



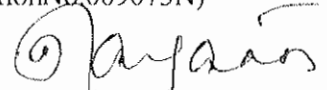
connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For RAVI RAJAN & CO.

Chartered Accountants

(Firm Registration No. 009073N)



Jayanth.A

Partner

(Membership No. 231549)



Place: New Delhi

Date: 6th May, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Kanpur Fertilizers & cement Ltd** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with



generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **RAVI RAJAN & CO.**
Chartered Accountants
(Firm Registration No. 009073N)



Jayanth.A
Partner

(Membership No. 231549)

Place: New Delhi
Date: 6th May, 2019



Kanpur Fertilizers & Cement Limited
Balance Sheet as on 31st March,2019

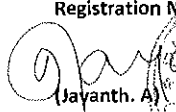
(Amount in ₹)

Particulars	Note No	As on 31st March,2019	As on 31st March 2018
Assets			
Non Current Assets			
Property, Plant and Equipment	3	8,996,859,104	9,712,329,462
Capital Work in Progress	4	7,057,000	7,056,997
Goodwill		-	393,701
Financial Assets			
Other Financial Assets	5	457,489,071	2,377,643
Other Non Current Assets	6	763,379	83,767
		<u>9,462,168,554</u>	<u>9,722,241,570</u>
Current Assets			
Inventories	7	1,002,636,602	1,614,287,565
Financial Assets			
Trade Receivable	8	9,916,802,067	7,838,514,707
Cash and Cash Equivalents	9	63,050,296	219,227,410
Bank Balance other than above	10	26,927,709	228,168,383
Other Financial Assets	11	1,067,040,111	1,204,498,494
Other Current Assets	12	674,745,859	681,890,654
		<u>12,751,202,644</u>	<u>11,786,587,213</u>
		<u>22,213,371,198</u>	<u>21,508,828,783</u>
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	13	2,909,572,250	2,310,822,250
Other Equity	14	5,340,892,774	5,916,681,632
		<u>8,250,465,024</u>	<u>8,227,503,882</u>
Non Current Liabilities			
Financial Liabilities			
Borrowing	15	1,881,627,643	3,314,520,663
Other Financial Liabilities	16	119,532,338	118,039,161
Provisions	17	37,442,453	36,824,283
Deferred Tax Liabilities (Net)	18	392,299,085	381,637,844
		<u>2,430,901,519</u>	<u>3,851,021,951</u>
Current Liabilities			
Financial Liabilities			
Borrowings	19	5,139,170,141	4,588,738,227
Trade payables	20	5,203,715,063	3,857,590,699
Other Financial Liabilities	21	1,075,657,112	756,269,917
Other Current Liabilities	22	95,015,916	122,822,886
Provisions	23	8,741,656	11,142,651
Current Tax Liabilities(Net)	24	9,704,767	93,738,570
		<u>11,532,004,655</u>	<u>9,430,302,950</u>
Total		<u>22,213,371,198</u>	<u>21,508,828,783</u>

Summary of Significant Accounting Policies & Notes to the Financial Statements

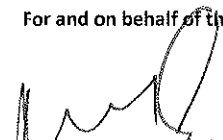
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For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N

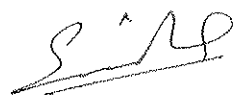

(Jayanth. A.)
Partner
M. No. 231549

Place: New Delhi
Dated : 16.05.2019

For and on behalf of the Board


(Manoj Gaur)
Chairman
DIN: 00008480


(Suman Lata)
Company Secretary
FCS-4394


(Sudhir Rana)
Chief Financial Officer


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

Kanpur Fertilizers & Cement Limited

Profit and Loss for the Year Ended 31st March,2019

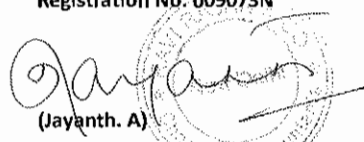
(Amount in ₹)

Particulars	Note No	2018-19	2017-18
Revenue From Operations	25	24,650,206,649	22,002,704,522
Other Income	26	100,346,793	104,228,842
Total Income		24,750,553,442	22,106,933,364
Expenses			
Cost of Materials Consumed	27	20,174,500,998	17,663,465,669
Purchases of Stock-in-Trade	28	281,724,236	1,026,729,558
Excise Duty		-	8,717,851
Changes in Inventories of Finished Goods & Work-in-Progress	29	678,964,765	-506,498,071
Employee Benefits Expense	30	540,100,897	484,370,969
Finance costs	31	1,159,290,114	1,074,434,081
Depreciation and amortization Expense	32	740,306,659	739,418,478
Other expenses	33	1,141,667,808	1,182,329,833
Total Expenses		24,716,555,477	21,672,968,368
Profit Before Exceptional Items and Tax		33,997,965	433,964,996
Exceptional Items		-	-
Profit Before Tax		33,997,965	433,964,996
Tax Expense:			
(1) Current Tax		9,704,767	93,738,570
(2) Mat Credit Entitlement		-9,704,767	-93,738,570
(2) Deferred Tax		10,785,408	131,277,193
Total Tax Expenses		10,785,408	131,277,193
Profit/(Loss) for the Period		23,212,557	302,687,803
Other Comprehensive Income			
Items that Will Not be Reclassified to Profit or Loss			
Remeasurements of the Defined Benefit Plans		-375,582	-3,816,989
Income Tax		124,167	1,261,898
Total Other Comprehensive Income		-251,415	-2,555,091
Total Comprehensive Income for the Period		22,961,142	300,132,712
Earnings per Equity Share			
(1) Basic		0.10	1.34
(2) Diluted		0.07	0.86

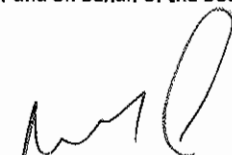
Summary of Significant Accounting Policies & Notes to the Financial Statements

"1" to "34"

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



(Jayanth. A)
Partner
M. No. 231549

For and on behalf of the Board


(Manoj Gaur)
Chairman
DIN: 00008480

Place: New Delhi
Dated : 16.05.2019


(Suman Lata)
Company Secretary
FCS-4394


(Sudhir Rana)
Chief Financial Officer


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

Kanpur Fertilizers & Cement Limited
Statement of Changes in Equity For The Year Ended 31st March, 2019

Equity Particulars	(Amount in ₹)
a. Equity share capital	
Balance as at 31st March 2018	2,310,822,250
Equity Share Issued During the Year	598,750,000
Balance as at 31st March, 2019	2,909,572,250

Other Equity Particular	Equity Component of				Total
	Compulsory Convertible Preference Share Including Security Premium	Security Premium	Retained Earnings	Remeasurements of the Defined Benefit Plans	
Balance as at 31st March 2018	3,147,500,000	2,304,500,000	446,925,570	17,756,062	5,916,681,632
Profit For the Year	-	-	23,212,557	-	23,212,557
Remeasurement of Defined Benefit Liability(Net of Tax) Changes During The Year	(1,197,500,000)	-	-	(251,415)	(251,415)
Balance as at 31st March, 2019	1,950,000,000	2,903,250,000	470,138,127	17,504,647	5,340,892,774

Summary of Significant Accounting Policies & Notes to the Financial Statements

"1" to "34"

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



(Jayanth. A)
 Partner
 M. No. 231549

For and on behalf of the Board

(Manoj Gaur)
 Chairman
 DIN: 00008480

(Suman Lata)
 Company Secretary
 FCS-4394

Place: New Delhi
 Dated : 16.05.2019

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

(Sudhir Rana)
 Chief Financial Officer

Kanpur Fertilizers & Cement Limited
Cash Flow Statement For The Year Ended 31st March, 2019

(Amount in ₹)

Cash Flow Statement	2018-19	2017-18
A Cash Flows From Operating Activities		
Profit For the Year	33,997,965	433,964,996
Adjustments For:		
- Depreciation	740,306,659	739,418,478
- Interest and Finance Charges	1,159,290,114	1,074,434,081
- Loss on Fixed Assets Sold / Discarded	807,114	-
- Unrealised foreign exchange loss / (gain) net	5,022,053	-
- Interest Income on Fixed Deposits	(88,525,314)	(81,690,581)
- Interest on Income Tax	10,120,398	-
- Remeasurement of Actuarial Gain/Loss	(375,582)	(2,555,091)
Operating Profit Before Working Capital Changes	1,860,643,407	2,163,571,883
Adjustments for :		
- (Increase) / Decrease in Inventories	611,650,963	(492,929,496)
- (Increase) / Decrease in Trade Receivables	(2,083,309,413)	741,850,138
- (Increase) / Decrease in Other Financial Assets	(326,941,227)	(982,423,045)
- (Increase) / Decrease in Other Current Assets	14,698,359	(103,036,213)
- Increase / (Decrease) in Trade Payables	1,346,124,366	732,500,359
- Increase / (Decrease) in Other Current Liabilities	(27,806,970)	50,229,458
- Increase / (Decrease) in Other Financial Liabilities and Provision	318,053,946	(2,212,766,610)
- Change in Other Non Current Assets	(679,612)	9,297
Cash Generated From Operations	1,712,433,819	(102,994,229)
- Income Tax Refund/ (Paid)	(101,751,754)	15,607,812
Net Cash Flow Generated From Operating Activities	1,610,682,065	(87,386,417)
B Cash Flow From Investing Activities		
- Additions To PPE And Intangible Assets (Including Net Movement In CWIP & Proceed from Sale of Assets)	(25,249,721)	(86,985,775)
- Interest Received	97,857,486	81,690,581
- Investment In Fixed Deposit	201,240,674	(79,107,853)
Net Cash Flows (Used In) Investing Activities	273,848,439	(84,403,047)
C Cash Flow From Financing Activities		
- Proceeds/(Repayments) of Long Term Borrowings	(1,432,893,020)	1,171,015,049
- (Repayments Of) / Proceeds From Short Term Borrowings (Net)	550,431,914	143,990,806
- Interest And Finance Charges Paid	(1,158,246,512)	(1,098,776,653)
Net Cash Flows (Used In)/ Generated From Financing Activities	(2,040,707,618)	216,229,202
Net Change In Cash And Cash Equivalents (A+B+C)	(156,177,114)	44,439,738
Cash And Cash Equivalents- Opening Balance	219,227,410	174,787,672
Cash And Cash Equivalents- Closing Balance	63,050,296	219,227,410

Notes To Cash Flow Statement:

Cash And Cash Equivalents Include :

Cash on Hand	371,405	902,818
Balances with Banks:	62,678,891	218,324,592

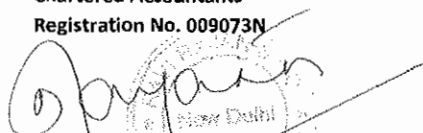
Cash And Cash Equivalents At The End Of The Year [Refer Note No 9]

63,050,296	219,227,410
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Summary of Significant Accounting Policies & Notes to the Financial Statements

"1" to "34"


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

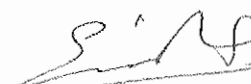

(Jayanth. A)
Partner
M. No. 231549

For and on behalf of the Board


(Manoj Gaur)
Chairman
DIN: 00008480

Place: New Delhi
Dated : 16.05.2019


(Suman Lata)
Company Secretary
FCS-4394


(Sudhir Rana)
Chief Financial Officer


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

Note No."1" Nature of Operations

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

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

Note No."2" Significant Accounting Policies

a. Basis of preparation

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

b. Property, Plant and Equipment (PPE)

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

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

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



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KANPUR FERTILIZERS & CEMENT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2019

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

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

Freehold land is not depreciated.

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

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

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

c. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost which comprise purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates) and any directly attributable cost of preparing the asset for its intended use. An intangible assets acquired in a business combination is recognized at fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is recognized on a straight line basis over their estimated useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates being accounted for on a prospective basis. The



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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 derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Computer Software is amortized over a period of 5 years.

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

d. Inventories

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

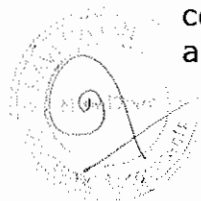
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

e. Revenue Recognition

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

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

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



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

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

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

Ind AS 115 has no impact on the basis of recognition of revenue as under Ind AS 18 also. The above steps were compiled within the recognition of revenue with regard to sales of Urea to the Authorized dealers/agents. The company deals with the authorized agents only and has entered into individual contract with them, meets the performance obligation when the urea reaches the dealer, sells at the government regulated price and recognizes the revenue on satisfying the said performance obligation.

2. Subsidy from Urea is recognized in sales / income on the bills generated through Integrated Fertilizers Monitoring System (IFMS) of GOI on accrual basis in profit & loss accounts in accordance with Ind AS 20.

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

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

Price and Freight subsidy is measured based on principle/notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy and the bills are raised based on such notifications. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

Subsidy on Phosphatic and Potassic (P&K) fertilizers is recognized as per concession rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time and Freight subsidy has been accounted for in line with the policy.

Subsidy on City Compost is recognized based on rates, as notified by the Government of India.



Interest

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

f. Foreign Currency Transaction

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

At the end of each reporting period-

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

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

g. Retirement and other employee benefits

i) Retirement benefit costs

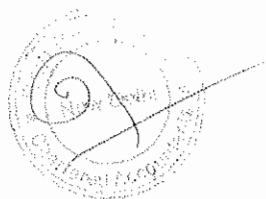
Payments to retirement benefit plans such as provident fund are recognized as an expense.

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

Defined benefit costs are categorized as follows:

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

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



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Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

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

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

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

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

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

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

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

h. Borrowing cost

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

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

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



i. Leases

Finance lease

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

Operating lease

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

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

j. Earnings per share

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

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

k. Income Taxes

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

i) Current tax

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

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



ii) Deferred tax

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

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

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

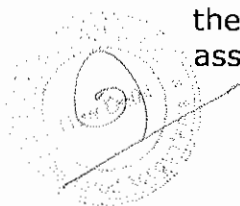
Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

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

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



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

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

iii) Current and deferred tax for the year

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

I. Impairment of tangible and intangible assets

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

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

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



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KANPUR FERTILIZERS & CEMENT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2019

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

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

m. Provisions

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

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

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

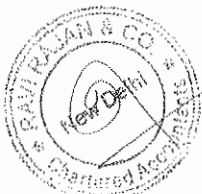
Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received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

n. Contingent liabilities

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

o. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the



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Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

p. Use of estimates

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

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

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

r. Fair value measurement

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

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

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

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

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

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

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



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

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

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

s. Financial Instrument

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

Financial asset is any assets that is

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

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

Financial Liability is any liabilities that is

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



existing owners of the same class of its own non-derivative equity instruments.

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

Classification

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

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

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

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

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

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

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

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

Recognition

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

Measurement of financial assets

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

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



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Effective interest method

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

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

Trade receivables

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

Impairment of financial assets

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

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

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

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



period, the Company again measures the loss allowance based on 12-month expected credit losses.

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

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

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

De-recognition of financial assets

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

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

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



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that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial Liabilities

Financial liabilities subsequently measured at amortized cost

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

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

Financial liabilities at FVTPL

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

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

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

Borrowings

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that



the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade payables

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

Equity instruments

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

Preference share capital

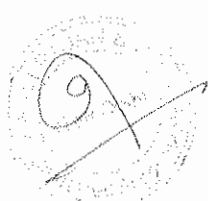
Preference share capital is classified as a financial liability or an equity instrument based on the substance of a financial instrument, rather than its legal form.

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

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

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

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



Compound financial instruments

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

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

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

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

De-recognition of financial liabilities

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



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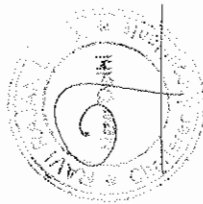
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Kanpur Fertilizers & Cement Limited
Notes to the Financial Statements for the Year Ended 31st March, 2019

NOTE No. "3"
Property Plant & Equipment

(Amount in ₹)

Particulars	Lease hold land	Building	Plant & machinery	EDP machine	Furniture & fittings	Office equipments	Ac & coolers	Refrig. & Water Cooler	Television/ Cinematography	Stores & spares	Vehicles	Total
Gross Block												
As at 31st March 2018	2,434,387,000	834,474,686	8,963,301,927	71,828,040	35,747,354	1,664,783	13,653,861	1,999,391	13,032,441	42,341,229	24,764,833	12,437,195,545
Additions	-	398,500	425,359	10,372,945	3,214,283	-	4,993,856	213,607	1,328,975	-	5,924,996	26,872,521
Disposals	-	-	2,250,690	581,400	367,628	-	65,096	-	-	-	1,384,550	4,649,364
As at 31st March, 2019	2,434,387,000	834,873,186	8,961,476,596	81,619,585	38,594,009	1,664,783	18,582,621	2,212,998	14,361,416	42,341,229	29,305,279	12,459,418,702
Accumulated Depreciation												
As at 31st March, 2018	-	115,905,495	2,506,320,939	53,233,179	15,448,028	1,257,679	5,670,576	972,328	4,068,411	10,820,537	11,168,911	2,724,866,083
Charge for the year	-	30,374,743	692,481,462	4,614,581	3,375,216	89,240	1,433,978	192,899	1,355,976	2,822,748	3,172,115	739,912,958
Disposals	-	-	639,964	227,320	-	201,345	43,179	-	-	-	1,107,635	2,219,443
As at 31st March, 2019	-	146,280,238	3,198,162,437	57,620,440	18,823,244	1,145,574	7,061,375	1,165,227	5,424,387	13,643,285	13,233,391	3,462,559,598
Net Block(As at 31st March, 2018)	2,434,387,000	718,569,191	6,456,980,988	18,594,861	20,299,326	407,104	7,983,285	1,027,063	8,964,030	31,520,692	13,595,922	9,712,329,462
Net Block(As at 31st March, 2019)	2,434,387,000	688,592,948	5,763,314,159	23,999,145	19,770,765	519,209	11,521,246	1,047,771	8,937,029	28,697,944	16,071,888	8,996,859,104



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Kanpur Fertilizers & Cement Limited

Notes to the Financial Statements for the Year Ended 31st March, 2019

NOTE No. "4"

Goodwill

Cost or deemed cost	(Amount in ₹)
Gross Block	
As at 31st March 2018	5,322,250
Additions During the year	-
As at 31st March 2019	5,322,250
Accumulated Amortization	
As at 31st March 2018	4,928,549
Amortisation during the period	393,701
As at 31st March 2019	5,322,250
Net Block(As at 31st March 2018)	393,701
Net Block(As at 31st March 2019)	-
Capital Work in Progress (As at 31st March 2018)	7,056,997
Capital Work in Progress (As at 31st March 2019)	7,057,000



Kanpur Fertilizers & Cement Limited

Notes to the Financial Statements for the Year Ended 31st March, 2019

(Amount in ₹)

Particulars	As on 31st March, 2019	As on 31st March 2018
NOTE No. "5"		
Other Financial Assets		
Bank Deposits With More Than 12 Months Maturity *	139,596,054	923,405
Security Deposit	303,377,619	595,330
Other Receivables	14,515,398	858,908
* Pledged as margin with banks against LC/BGs & DSRA	<u>457,489,071</u>	<u>2,377,643</u>
NOTE No. "6"		
Other Non-Current Assets		
Prepaid Expenses	<u>763,379</u>	<u>83,767</u>
NOTE No. "7"		
Inventories		
Raw Materials	56,301,897	38,085,285
Work in Progress	240,699,839	260,813,710
Finished Goods	334,216,962	993,067,856
Stores & Spares	371,417,904	322,320,714
	<u>1,002,636,602</u>	<u>1,614,287,565</u>
NOTE No. "8"		
Trade Receivables		
Others (Unsecured, Considered Good)	<u>9,916,802,067</u>	<u>7,838,514,707</u>
NOTE No. "9"		
Cash and Cash Equivalents		
Balance with Banks	17,179,620	39,848,247
Term Deposit Account with Maturity of Less Than Three Months *	45,499,271	178,476,345
Cash in Hand	371,405	902,818
* Pledged as margin with banks against LC/BGs & DSRA	<u>63,050,296</u>	<u>219,227,410</u>
NOTE No. "10"		
Other Bank Balances		
Deposits with Maturity for Less Than 12 Months *	26,927,709	226,933,618
Security Deposit (withheld amount with bank)	-	1,234,765
* Pledged as margin with banks against LC/BGs & DSRA	<u>26,927,709</u>	<u>228,168,383</u>
NOTE No. "11"		
Other Financial Assets		
Accrued Interest Receivable	7,798,706	17,130,878
Other Receivables	59,824,904	3,146,835
Related Party	999,416,501	1,184,220,781
	<u>1,067,040,111</u>	<u>1,204,498,494</u>
NOTE No. "12"		
Other Current Assets		
Prepaid Expenses	15,908,103	62,842,231
Advances to Vendors	108,309,733	204,824,114
GST/VAT Receivable	259,067,845	137,094,681
Tax Deducted at Source	25,262,728	20,636,945
MAT Credit Entitlement	266,197,450	256,492,683
	<u>674,745,859</u>	<u>681,890,654</u>



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(Amount in ₹)

NOTE No. "13"	As on 31st March, 2019	As on 31st March 2018
Equity Share capital		
Authorised Share Capital		
Equity Share Capital		
82,50,00,000 (Previous period 82,50,00,000) Shares of Rs. 10/- each	8,250,000,000	8,250,000,000
Preference Share Capital		
37,50,00,000 (Previous period 37,50,00,000) Shares of Rs. 10/- each	3,750,000,000	3,750,000,000
	12,000,000,000	12,000,000,000
Issued, subscribed and paid up capital		
Equity Share Capital		
2,909,57,225 (Previous period 2,310,82,225) Shares of Rs. 10/- each fully paid up	2,909,572,250	2,310,822,250

Details of Shareholders Having More than 5% Shares	% of Shares	As on 31st March, 2019	As on 31st March, 2018
Equity Shares			
Jaypee Uttar Bharat Vikas Private Limited	69%	200,050,000	200,050,000
Jaypee Fertilizers & Industries Limited	22%	65,482,549	5,607,549
Jaypee Development Corporation Limited	9%	25,000,000	25,000,000

Reconciliation of No. of Shares Outstanding	As on 31st March, 2019	As on 31st March, 2018
Equity Share		
Equity Shares Outstanding at the Beginning of the Year	231,082,225	200,582,225
Equity Shares Issued During the Year	59,875,000	30,500,000
Outstanding at the End of the Year	290,957,225	231,082,225

Equity Shares

The Company has two classes of shares referred to as Equity Shares & Preference Shares having face value of Rs. 10/- each. Each holder of Equity Share is entitled to one vote per share. In the event of liquidation, each share carries equal rights and will be entitled to receive equal amount per share out of the remaining amount available with the Company after making preferential payments.

The Paid up Equity Share Capital of the Company is held by Jaypee Uttar Bharat Vikas Private Limited (Holding Company-69%) including 10,000 Equity Shares held in the name of subscribers to the memorandum as nominee of the Company, Jaypee Fertilizers & Industries Limited (22%) and Jaypee Development Corporation Limited (9%).

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

During the year the company has issued 5,98,75,000 shares to Jaypee Fertilizers & Industries Limited by conversion of Compulsorily Convertible Preference Shares (CCPS) as per terms of allotment of these CCPS.

NOTE No. "14"	As on 31st March, 2019	As on 31st March 2018
Other Equity		
(i) Equity Component of Financial Instrument		
Opening Balance	3,147,500,000	3,757,500,000
Less Conversion During the Year	1,197,500,000	610,000,000
Closing Balance	1,950,000,000	3,147,500,000
On conversion of Compulsorily Convertible Preference Shares (CCPS) held by Jaypee Fertilizers & Industries Limited into Equity Share Capital of Rs. 59,87,50,000/-, the equivalent amount has been transferred to Security Premium Reserve Account, thus transferring total Rs. 119,75,00,000/- from Equity Component of Financial Instrument.		
(ii) Reserves and Surplus		
(a) Surplus (Profit and Loss Balance)		
Opening Balance	446,925,570	144,237,767
Profit / (Loss) for the year	23,212,557	302,687,803
Closing Balance	470,138,127	446,925,570
(b) Security Premium Reserve		
Opening Balance	2,304,500,000	1,999,500,000
Addition during the Year	598,750,000	305,000,000
Closing Balance	2,903,250,000	2,304,500,000
Total Reserve & Surplus	3,373,388,127	2,751,425,570
iii) Other Comprehensive Income		
(a) Remeasurement of Defined benefit plan (Net of Tax)		
Opening Balance	17,756,062	20,311,153
Addition/Deduction during the Year	(251,415)	(2,555,091)
Closing Balance	17,504,647	17,756,062
Total Other Equity	5,340,892,774	5,916,681,632

Kanpur Fertilizers & Cement Limited

Notes to the Financial Statements for the Year Ended 31st March, 2019

(Amount in ₹)

Particulars	As on 31st March, 2019	As on 31st March 2018
NOTE No. "15"		
Borrowings		
Secured		
Term Loans		
From Banks - Yes Bank Ltd. (YBL) & State Bank of India (SBI).	733,333,336	1,917,372,256
From Financial Institutions - India Infrastructure Finance Company Limited (IIFCL) (EIR - 13.18%)	1,068,174,299	1,168,349,223
From NBFC - SREI Equipment Finance Limited (SREI)	80,120,008	228,799,184
	<u>1,881,627,643</u>	<u>3,314,520,663</u>

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

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

i) SBI - Nil. The loan has been repaid in full during the current financial year. (Previous Year - Rs. 95,75,50,547).

ii) IIFCL - The repayment has started in 48 structured quarterly installment from June 30, 2015. The rate of interest is SBI MCLR + 3%. The amount outstanding as at 31.03.2019 is Rs 112,76,00,000 (Previous Year - 120,32,00,000).

This loan is secured by way of first ranking pari passu charge on all Fixed Assets (Immovable & movable; both present & future) of the Company & second ranking pari passu charge on Current Assets (Both present & future) of the Company. This loan is further secured by way of pledge of 30% equity shares of the Company as held by Jaypee Uttar Bharat Vikas Private Limited & shortfall undertaking of Jaiprakash Associates Limited.

iii) YBL - The Loan is secured by way of first pari passu charge on all immovable and movable fixed assets (both present & future), extension of pledge over 30% share capital and NDU over 44% share capital of Bhilai Jaypee Cement Limited (on pari passu basis with other facilities of the bank). Pledge and NDU are yet to be created. The rate of interest is floating 0.10% (zero point one zero percent) ("spread") over & above the Bank's one year MCLR. The loan is repayable in 12 equal quarterly installments starting from June, 2019. The amount outstanding as at 31.03.2019 is Rs. 110,00,00,000 (Previous Year - 110,00,00,000).

iv) SREI - The loan is secured by way of subservient charge on current assets of the company. The rate of interest is 10% p.a. The repayment is in 34 equated installments starting from December, 2017. The amount outstanding as at 31.03.2019 is Rs. 22,92,64,091 (Previous Year - 36,39,38,206).

NOTE No. "16"

Other Financial Liabilities

Security and Other Deposits	119,532,338	118,039,161
-----------------------------	-------------	-------------

NOTE No. "17"

Long Term Provisions

Provision for Employee Benefit

Gratuity	19,669,696	19,840,615
Leave Encashment	17,772,757	16,983,668
	<u>37,442,453</u>	<u>36,824,283</u>

NOTE No. "18"

Deferred Tax Liabilities (Net)

Deferred Tax Liabilities on Account of

Timing Difference in Fixed Assets	610,800,755	588,338,200
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Deferred Tax Assets on Account of

Employee Benefit	15,416,256	15,857,868
Others	203,085,414	190,842,488
	<u>218,501,670</u>	<u>206,700,356</u>
	<u>392,299,085</u>	<u>381,637,844</u>

NOTE No. "19"

Borrowings

From Banks (Secured)

State Bank of India (SBI)	3,992,684,335	3,793,811,601
ICICI Bank Ltd	749,857,065	545,778,170
Yes Bank Ltd (YBL)	396,628,741	249,148,456
	<u>5,139,170,141</u>	<u>4,588,738,227</u>



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Kanpur Fertilizers & Cement Limited

Notes to the Financial Statements for the Year Ended 31st March, 2019

(Amount in ₹)

Particulars	As on 31st March, 2019	As on 31st March 2018
<p>i) A consortium of Banks comprising State Bank of India and ICICI Bank has sanctioned working capital facilities of Rs.580,00,00,000 (both Fund Based and Non Fund Based). These working capital facilities are secured by way of pari passu first charge on current assets comprising of stocks, stores & spares , stock in progress, finished goods,material in transit and book debts (both present & future) & second ranking pari passu charge on Fixed assets (movable & immovable, both present & future).</p> <p>ii) Yes Bank Limited has sanctioned overdraft facility of Rs. 50,00,00,000 (Rupees Fifty crores only). The facility is secured by way of subservient charge over current assets of the borrower , extension of pledge over 30% of share capital of Bhilai Jaypee Cement Limited held by JAL & NDU of 74% share capital of Bhilai Jaypee Cement Limited (BJCL) to be provided by JAL and personal guarantee of Sh. Manoj Gaur Ji. The pledge and NDU are yet to be created.</p>		
NOTE No. "20"		
Trade Payables		
Others	5,203,715,063	3,857,590,699
Details relating to Micro, Small and Medium Enterprises is as under -		
a) Principal amount	21,315,171	18,946,301
b) Interest thereon	Nil	Nil
c) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
d) The amount of interest due and payable for the period of delay in making payment without adding the interest specified	Nil	Nil
e) The amount of interest accrued and remaining unpaid as at March 31, 2019	Nil	Nil
f) The amount of interest remaining due and payable even in the succeeding years, until such date when the the interest is actually paid	Nil	Nil
NOTE No. "21"		
Other Financial Liabilities		
Current Maturities of Long-Term Debt (Secured, Considered Good)		
State Bank of India	-	134,400,000
India Infrastrucrure Finance Company Limited	51,200,000	25,600,000
Yes Bank Ltd.	366,666,664	-
SREI Equipment Finance Limited	148,959,577	134,671,114
Payable on Account of Employees	38,980,520	40,790,912
Security and Other Deposits	20,620,693	15,725,163
Amount Payable to Related Parties	10,895,476	2,060,000
Other Payable	438,334,182	403,022,728
	<u>1,075,657,112</u>	<u>756,269,917</u>
NOTE No. "22"		
Other Current Liabilities		
Statutory Taxes and Dues	47,889,272	30,925,239
Advance Received from Customers	47,126,644	91,897,647
	<u>95,015,916</u>	<u>122,822,886</u>
NOTE No. "23"		
Provisions		
Gratuity	4,835,511	5,908,422
Leave Encashment	3,906,145	5,234,229
	<u>8,741,656</u>	<u>11,142,651</u>
NOTE No. "24"		
Current Tax Liability		
Provision for Income Tax	9,704,767	93,738,570



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Kanpur Fertilizers & Cement Limited
Notes to the Financial Statements for the Year Ended 31st March, 2019

(Amount in ₹)

Particulars	2018-19	2017-18
NOTE No. "25"		
Revenue from Operation		
Sale of Products		
Urea Sale	3,722,586,861	4,012,239,163
Govt Subsidy- Urea	20,616,880,208	16,914,241,253
Sale-Flyash	3,275,449	4,524,363
	<u>24,342,742,518</u>	<u>20,931,004,779</u>
Other operating revenue		
Sale -Traded Product	330,640,188	758,222,554
Govt Subsidy- DAP	-	344,506,518
	<u>330,640,188</u>	<u>1,102,729,072</u>
Less : Discount	23,176,057	31,029,329
	<u>24,650,206,649</u>	<u>22,002,704,522</u>
NOTE No. "26"		
Other Income		
Interest Income (including fair value of financial liability at amortised cost)	88,525,314	81,690,581
Foreign Exchange Gain (Net)	-5,022,053	13,288,028
Misc Receipts	16,843,532	9,250,233
	<u>100,346,793</u>	<u>104,228,842</u>
NOTE No. "27"		
Cost of material Consumed		
Raw Materials Consumed	15,056,307,641	11,928,341,733
Electricity Charges	3,957,821,064	4,636,354,386
Coal Consumed	419,012,155	416,663,558
Water charges	11,322,402	11,944,937
Bags Consumed	223,661,359	225,273,439
Store and Spares Consumed	309,231,811	226,841,623
Freight & Material Handling	3,647,918	12,840,615
Repairs & Maintenance - Plant	188,147,175	202,028,818
Testing and Analysis Fees	5,349,473	3,176,560
	<u>20,174,500,998</u>	<u>17,663,465,669</u>
NOTE No. "28"		
Purchases of Stock-in-Trade		
Imported DAP	-	882,951,364
Wheat seed	128,224,130	84,895,147
Calcium Nitrate	18,609,450	4,599,860
Zyme	55,561,718	17,882,700
Micro Nutrient	23,011,445	13,813,685
Sulphur	21,549,886	7,830,563
Zink Sulphate	18,226,592	12,047,914
City Compost	9,209,840	-
Ferrous Sulphate	4,559,175	-
Single Super Phosphate	-	369,862
Others	2,772,000	2,338,463
	<u>281,724,236</u>	<u>1,026,729,558</u>
NOTE No. "29"		
Changes in Inventories of Finished Goods Work-in-Progress		
Opening Stock		
Work-in-Progress	260,813,710	252,564,476
Finished Goods	993,067,856	494,819,019
	<u>1,253,881,566</u>	<u>747,383,495</u>
Closing Stock		
Work-in-Progress	240,699,839	260,813,710
Finished Goods	334,216,962	993,067,856
	<u>574,916,801</u>	<u>1,253,881,566</u>
	<u>678,964,765</u>	<u>(506,498,071)</u>



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Kanpur Fertilizers & Cement Limited
Notes to the Financial Statements for the Year Ended 31st March, 2019

(Amount in ₹)

Particulars	2018-19	2017-18
NOTE No. "30"		
Employee Benefit Expense		
Salaries and Wages	478,900,500	442,354,694
Contribution to Provident and Other Funds	25,472,384	20,733,708
Gratuity	6,523,649	5,107,460
Staff Welfare	29,204,364	16,175,107
	<u>540,100,897</u>	<u>484,370,969</u>
NOTE No. "31"		
Finance Cost		
Interest to Banks on Working Capital	599,816,067	505,376,495
Interest to Banks on Term Loan	381,853,779	443,403,210
Interest to Others	162,320,268	110,317,029
Financial Charges	15,300,000	15,337,347
	<u>1,159,290,114</u>	<u>1,074,434,081</u>
NOTE No. "32"		
Depreciation and Amortization expense		
Depreciation on Tangible Assets	739,912,958	738,354,028
Amortization of Intangible Assets	393,701	1,064,450
	<u>740,306,659</u>	<u>739,418,478</u>
NOTE No. "33"		
Other expenses		
Repairs & Maintenance - Others	71,981,456	76,737,419
Insurance	11,720,808	17,270,680
Rates & Taxes	10,869,281	13,732,355
Loading & Unloading Charges	123,489,752	122,955,676
Rent of Godown	5,242,603	14,993,025
Travelling & Conveyance Expenses	27,278,286	39,710,606
Postage, Telephone & Internet	3,470,963	4,102,984
Corporate Social Responsibility	6,415,695	6,837,678
Vehicle Running & Hiring Charges	19,618,524	19,485,609
Freight & Octroi Expenses	700,888,748	691,235,835
Advertising and Sales Promotion	8,865,178	13,743,902
Printing & Stationery	669,604	647,826
Legal & Professional	56,815,569	84,835,503
Bank Charges & LC/BG Commission	20,941,182	26,107,943
Safety & Security	36,641,007	36,034,871
Recruitment Charges	406,973	863,866
Horticulture and Gardening	11,376,207	8,535,687
Auditors Remuneration	900,000	700,000
Fair value of Financial Liability at amortised cost	13,898,940	-
Loss on Retirement of Fixed Assets	807,114	-
Bad Debts Written Off	5,021,215	-
Miscellaneous Expenses	4,348,703	3,798,368
	<u>1,141,667,808</u>	<u>1,182,329,833</u>



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

Particulars	Amount in ₹	
	2018-19	2017-18
a) Claims against the Disputed Liability (Including Tax) not acknowledged as Debt (Income Tax demand for the AY 12-13 on Bank Guarantee Commission is disputed and appeal has been filed with Commissioner Appeals against the order of DCIT - TDS. Regular assessments of AY 12-13 appeal with ITAT and AY 13-14 in appeal with CIT (Appeals)).	3,54,29,184	8,17,72,345
b) Labour Court Cases	37,75,79,421	23,89,48,506
c) Outstanding Balances of Bank Guarantees	6,47,81,509	6,46,81,509
Margin Money deposited against the above	7,72,32,022	6,76,05,195
d) Outstanding Letters of Credit (including Foreign LCs)	80,00,00,000	80,11,35,585
Margin Money deposited against the above	8,75,20,995	8,28,12,251
e) Capital Commitments: Estimated amount of Contract remaining to be executed on Capital Account and not provided for (net of Advances)	-	106,11,46,442

2. Related Party Disclosure

Name of Related Party and Relationship

a) Holding Company

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

b) Fellow Subsidiary Companies

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



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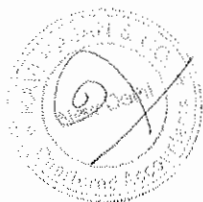
13. Jaiprakash Agri Initiatives Company Limited
14. Yamuna Expressway Tolling Limited

c) Associate Companies:

1. Jaiprakash Power Ventures Limited (JPVL)
2. Jaypee Powergrid Limited (JV subsidiary of JPVL)
3. Jaypee Arunachal Power Limited (wholly owned subsidiary of JPVL)
4. Sangam Power Generation Company Limited (wholly owned subsidiary of JPVL)
5. Prayagraj Power Generation Limited (subsidiary of JPVL)
6. Jaypee Meghalaya Power Limited (wholly owned subsidiary of JPVL)
7. Bina Power Supply Limited (wholly owned subsidiary of JPVL)
8. MP Jaypee Coal Limited (JV Associate Co.)
9. MP Jaypee Coal Fields Limited (JV Associate Co.)
10. Madhya Pradesh Jaypee Minerals Limited (JV Associate Co.)
11. Jaypee Infra Ventures (A Private Company With Unlimited Liability) (JIV)
12. Jaypee Development Corporation Limited (JDCL) (wholly owned subsidiary of JIV)
13. Andhra Cements Limited (subsidiary of JDCL)
14. JIL Information Technology Limited (JILIT) (Subsidiary of JIV)
15. Gaur & Nagi Limited (wholly owned subsidiary of JILIT)
16. Jaypee International Logistics Company Private Limited (wholly owned subsidiary of JIV)
17. Tiger Hills Holiday Resort Private Limited (wholly owned subsidiary of JDCL)
18. Indesign Enterprises Private Limited (IEPL) (subsidiary of JIV)
19. Ibonshourne Limited (subsidiary of IEPL w.e.f. 11.01.16)
20. RPJ Minerals Private Limited (RPJMPL)
21. Sarveshwari Stone Products Private Limited (wholly-owned subsidiary of RPJMPL)
22. Rock Solid Cement Limited (wholly-owned subsidiary of RPJMPL)
23. Sonebhadra Minerals Private Limited

d) KMP based Associate Companies

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



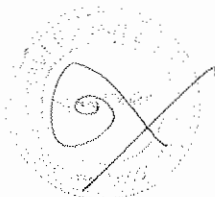
KANPUR FERTILIZERS & CEMENT LIMITED

NOTE No. "34" FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

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

e) Key Managerial Personnel

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



f) Key Managerial Personnel of JUBVPL

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

g) Key Managerial Personnel of JFIL

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

h) Key Managerial Personnel of JAL

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



The Related Party Transactions are as follows:

Particulars	Related party	Amount in ₹	
		2018-19	2017-18
Expenditure			
Salary	Referred in (e) above	2,28,84,288	1,81,23,939
Car Hire Charges	Referred in (e) above	6,68,000	6,60,000
Reimbursement Towards Expenses	Referred in (a) above	2,44,33,647	2,68,28,900
Purchase of Goods & Services Received	Referred in (a & b) above	238,86,38,861	234,12,46,135
Outstanding Balances		As at March 31, 2019	As at March 31, 2018
Receivable	Referred in (a) above	99,94,16,501	118,42,20,781
Payable	Referred in (b) above	1,08,95,476	20,60,000

3. Financial Instrument

(i) Capital Management

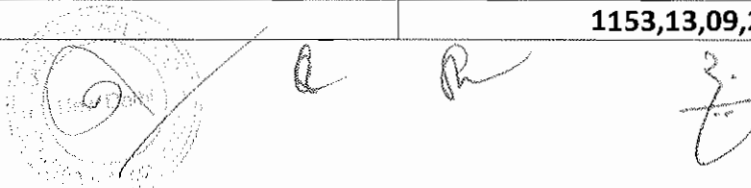
The gearing ratios at the end of reporting year are as under:

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Debt*	758,76,24,025	819,79,30,004
Cash and Bank Balances (including cash and bank balances in a disposal group held for sale)	8,99,78,005	44,73,95,793
Net Debt	749,76,46,020	775,05,34,211
Total Debt + Equity	1574,81,11,044	1597,80,38,093
Net Debt to Equity Ratio	47.61%	48.51%

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

(ii) Categories of Financial Instruments

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Financial Assets measured at Amortised Cost		
a) Cash and Cash Equivalent including Bank Balances	8,99,78,005	44,73,95,793
c) Other Financial Assets	152,45,29,182	120,68,76,137
d) Trade Receivable	991,68,02,067	783,85,14,707
Total	1153,13,09,254	949,27,86,637



KANPUR FERTILIZERS & CEMENT LIMITED
NOTE No. "34" FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

Amount in ₹

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Liabilities measured at Amortised Cost		
a) Long Term Borrowing	188,16,27,643	331,45,20,663
b) Short Term Borrowing	513,91,70,141	458,87,38,227
b) Trade Payable	520,37,15,063	385,75,90,699
c) Other Financial Liability	119,51,89,450	87,43,09,078
Total	1341,97,02,297	1263,51,58,667

(iii) Fair Value Measurement

Amount in ₹

Particulars	Fair Value on ERR of 13% as at		Fair Value Hierarchy	Valuation Technique(s) and Key Input(s)
	March 31, 2019	March 31, 2018		
Financial Assets				
Security Deposit	30,33,77,619	5,95,330	Level 2	
Financial Liabilities				
Borrowing	188,16,27,643	331,45,20,663	Level 2	
Security Deposit	11,95,32,338	11,80,39,161	Level 2	

(iv) Financial Risk Management

(a) Interest Rate Risk Management

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

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

Interest Rate Sensitivity Analysis

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



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KANPUR FERTILIZERS & CEMENT LIMITED
NOTE No. "34" FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

Amount in ₹

Particulars	Interest Impact as at	
	March 31, 2019	March 31, 2018
If Increase by 50 Basis Point		
Impact on Profit or Loss for the year	(94,50,189)	(166,50,088)
Impact on Total Equity as at the end of the reporting period	(94,50,189)	(166,50,088)
If Decrease by 50 Basis Point		
Impact on Profit or Loss for the year	94,50,189	166,50,088
Impact on Total Equity as at the end of the reporting period	94,50,189	166,50,088

(b) Liquidity Risk Management

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

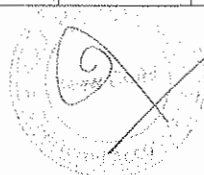
Liquidity and Interest Risk Tables

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

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Amount in ₹

Particulars	Weighted Average Effective Interest Rate (%)	Within 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
As at March 31, 2019						
Borrowing	13	570,59,96,382	112,08,37,848	76,92,00,000	759,60,34,230	758,76,24,025
Trade Payables	13	520,37,15,063			520,37,15,063	520,37,15,063
Other Financial Liabilities	13	50,88,30,871		23,02,44,444	73,90,75,315	62,83,63,209
Total		1141,85,42,317	112,08,37,848	99,94,44,444	1353,88,24,609	1341,97,02,299







KANPUR FERTILIZERS & CEMENT LIMITED
NOTE No. "34" FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

As at March 31, 2018						
Borrowings	13	488,34,09,341	234,28,64,091	98,72,00,000	821,34,73,432	819,79,30,004
Trade Payables	13	385,75,90,699			385,75,90,699	385,75,90,699
Other Financial Liabilities	13	46,15,98,803		24,18,50,206	70,34,49,009	57,96,37,964
Total		920,25,98,843	234,28,64,091	122,90,50,206	1277,45,13,140	1263,51,58,667

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

Amount in ₹

Particulars	Carrying Value as at	
	March 31, 2019	March 31, 2018
i) Financial Assets - Current		
Trade Receivables	991,68,02,067	783,85,14,707
Cash and Cash Equivalents	6,30,50,296	21,92,27,410
Bank Balances	2,69,27,709	22,81,68,383
Other Financial Assets	106,70,40,111	120,44,98,494
ii) Financial Liabilities - Current		
Borrowings	513,91,70,141	458,87,38,227
Trade Payables	520,37,15,063	385,75,90,699
Other Financial Liabilities	107,56,57,112	75,62,69,917

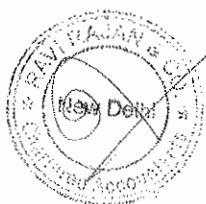
(vi) The following list represents more than 5% of total balance of trade receivable:

Amount in ₹

S.No	Particulars	As at March 31, 2019	As at March 31, 2018
1	FICC, GoI	919,77,08,595	692,44,80,552

Amount in ₹

Age of Receivables	As at March 31, 2019	As at March 31, 2018
0-30 days	195,29,32,976	170,87,10,376
31-60 days	134,86,24,393	370,21,77,226
61-75 days	1,04,57,964	43,88,401
76-180 days	563,40,17,531	116,00,45,827
181 days & above	97,07,69,203	126,31,92,877



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KANPUR FERTILIZERS & CEMENT LIMITED
NOTE No. "34" FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

(vii) Deposits Liened With -

Amount in ₹

S.No.	TDR No.	Date of Deposit	Amount Rs.	Authorities, Pledged With
1	37232660663	12-10-2018	1,55,82,380	State Bank of India towards GAIL
2	37024509915	18-07-2018	1,03,88,349	State Bank of India towards GAIL
3	32999387721	15-05-2018	9,56,980	State Bank of India against Railways Bank Guarantee for online freight payment.
4	33761290416	31-03-2019	6,15,50,266	State Bank of India (e State Bank of Patiala) against SBLC to GAIL (India) Ltd.
5	36448895508	30-09-2018	98,26,392	State Bank of India against BG in favour of President Officer, Labour Court
6	714997318	23-03-2018	8,91,208	ICICI Bank Ltd. against Bank Guarantee to Sales Tax Authorities
7	714358239	23-05-2018	1,61,166	ICICI Bank Ltd. against Bank Guarantee to Punjab VAT
8	714425042	24-04-2018	6,53,96,276	ICICI bank Ltd. against BG to KESKO
9	32250645718	31-03-2018	32,199	State Bank of India against BG to Haryana VAT
10	32844977524	31-03-2018	3,81,425	State Bank of India UP Power Corporation Limited
11	34213211634	31-03-2018	13,57,122	State Bank of India UP Power Corporation Limited
12	34898624286	27-08-2018	1,18,81,020	State Bank of India, DSRA
13	36323846542	17-03-2019	5,10,503	State Bank of India, DSRA
14	35817636993	06-06-2018	3,31,07,748	State Bank of India, DSRA
	Total		21,20,23,034	




KANPUR FERTILIZERS & CEMENT LIMITED
NOTE No. "34" FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

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

**Summary of Significant Accounting Policies &
Notes to the Financial Statements "1" to "34"**
As per our report of even date attached to the Balance Sheet

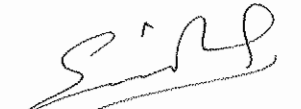
For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N


(Jayanth. A)
Partner

M. No. 231549

Place: New Delhi
Dated : 16.05.2019


(Suman Lata)
Company Secretary
FCS-4394


(Sudhir Rana)
Chief Financial Officer

For and on behalf of the Board


(Manoj Gaur)
Chairman
DIN: 00008480


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