Independent Auditor's Report

To the Members of Kanpur Fertilizers & Chemicals Ltd

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of **Kanpur Fertilizers & Chemicals Ltd (Formerly known as Kanpur Fertilizers & Cement Ltd)** which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows, and the Statement of change in Equity for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2021, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS 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 Ind AS 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 there under, 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 on the standalone Ind AS financial statement.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	**Refer to Notes 40 to the Financial Statements relating to Default in repayment of principle amount and interest on Term Loans to Yes Bank Limited** The company has defaulted in repayment of principal amount of Rs. 61.96 crores as at 31st March, 2021 pertaining to June 2019 to March 2021 period to Yes Bank Limited. Working Capital facilities of Rs. 41.10 crores from Yes Bank Limited also stand overdue on 31st March, 2021. Overdue Interest of Yes Bank Limited as on 31st March, 2021 is Rs. 25.67 crores. The account has been reported NPA by the Bank. The Loan of Yes Bank Limited has been reported NPA by the bank. Same is considered to be a Key Audit Matter as there has been continuous default in repayment of installment since June 2019 Quarter and same indicates the increase in liquidity risk and challenges. On 27th March, 2021, the Bank has principally agreed to restructure the existing outstanding Term Loan and Working Capital facilities to Rs. 169.11 crores (Overdraft facility of Rs. 40 crores,	**We performed the following principal audit procedures in relation to the said Key Audit Matter:** **1.** Reviewed the Term Loan repayment schedule provided by the company. **2.** Obtained the balance confirmation from the Banks/Financial Institutions to confirm the balance of outstanding term loan and interest thereon. **3.** Based on our audit procedures performed and discussion with the Management, examined the possibility of Loan restructuring with the lenders to ease the liquidity pressure in the period going ahead. **4.** Reviewed the Facility letter wherein Yes Bank has principally agreed to restructure the existing outstanding Term Loan and Working Capital facilities to Rs. 169.11 crores (Overdraft facility of Rs. 40 crores, Term Loan 1 of Rs. 110 crores and Term Loan 2 of Rs. 14.11 crores)

	Term Loan 1 of Rs. 110 crores and Term Loan 2 of Rs. 14.11 crores) vide Facility letter dated 27th March, 2021. However, same is subject to specific terms and conditions and the final approval of consortium lenders.	
2	**Subsidy recognized as revenue and assessment of recovery of the amount due on account of Subsidy** **i.** During the FY 2020-21, company recognized the total subsidy of Rs. 1492.62 crores on sale of Urea, Natural Gas and Freight. Accuracy of revenue may deviate significantly because revision in the notified rates and change in final estimates w.r.t escalation/de-escalation of cost. **ii.** The subsidy due from Government of India at the end of FY 2020-21 stood at Rs. 281.49 crores. During the FY 2020-21, the company received Rs. 2513.67 crores as subsidy on account of urea, Freight and Gas. Given the size of amount of subsidy, the evaluation of fair value of subsidy receivable and its recovery involves assessment of the management in terms of time frame of recovery from FICC and thus requires significant audit attentions and forms a Key Audit Matter.	**Our procedures included the following:** **1.** Understood and evaluated the design and tested the operating effectiveness of controls as established by management in recognition of subsidy revenue and assessment of the recoverability of subsidy receivables. **2.** Reviewed the Company's Accounting policies for recognition of Subsidy on Urea as mentioned under "Note No. 2, Statement of Significant Accounting policies" in conformity with the provision of Ind AS on Government Grants. **3.** Assessment of the basis of judgements that management has made in relation to the notifications/policies including past precedence and subsequent evidence, as applicable. **4.** Reviewed the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of subsidy revenue and adjustments to subsidy receivables already recognized pursuant to changes in subsidy rates. **5.** We considered the relevant notifications/policies issued by various authorities to ascertain the appropriateness of the recognition of subsidy revenue and adjustments to subsidy receivables already recognized

		pursuant to changes in subsidy rates/escalation or de-escalation in subsidy rates. **6.** Reviewed and tested the ageing of the related receivables and assessed the information used by the management to determine the recoverability of subsidy receivable by considering historical collection trends and the level of credit loss charged over time.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Standalone Ind AS Financial Statements

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

In preparing the standalone Ind AS 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 Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 standalone Ind AS financial statements.

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

a. Identify and assess the risk of material misstatement of the standalone Ind AS 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, we 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 standalone financial statements, including the disclosures, and whether the standalone financial Ind AS 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS 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 discloser 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 the Statement of 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 Ind AS standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

e) On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements 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) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid /provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements. – Refer Note 40 to the standalone Ind AS financial statements;

ii. The Company has made 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. LLP
Chartered Accountants
(Firm RegistrationNo.009073N)

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

Jayanth.A
Partner (Membership No. 231549)
New Delhi,
Dated: 19th June, 2021
UDIN No: 21231549AAAACV3498

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS Financial Statements for the year ended 31 March 2021, we report that:

(i) **(a)** The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a policy to verify its fixed assets once in three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The physical verification exercise of the Fixed Assets was carried out by the Management during the FY 2020-21 and it was found that there was discrepancy of Rs. 61 lakhs and same was dealt with in the books of accounts of the FY 2020-21.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable Properties are deemed held in the name of company in terms of Para 4 and Para 5, Para II of Annexure A of approved Scheme of BIFR.

(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. During the course of physical verification of inventory by the Management, it was found that there was discrepancy in Stores and Spares of Rs. 3.94 crores and same was dealt as consumption in the books of accounts of the FY 2020-21.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(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 within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year and does not have any unclaimed deposits as at March 31, 2021 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. The cost audit report for the FY 2020-21 was yet to be concluded at the time of submission of our report.

(vii.) According to the information and explanations given to us, in respect of statutory dues:

(a) 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.

(b) 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, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax and Goods and Services Tax which have not been deposited as at March 31, 2021 on account of dispute are given below:

Name of the Statute	**Nature of dues**	**Amount of Demand (Rs. in Lakhs) #**	**Financial Year**	**Forum where dispute is pending**
Income Tax Act, 1961	Income Tax and Penalty	35.45	2011-12	ITAT
Income Tax Act, 1961	Income Tax and Penalty	292.00	2012-13	ITAT (for Income Tax) Penalty (CIT Appeals)
CGST Act, Bihar GST Act and IGST Act	GST and Interest	1466.67	2019-20	Assistant Commissioner of Central Tax

It is net of the amount deposited against respective demands.

(viii) On the basis of the audit procedure performed by us and based on the information and explanations given to us and as per the books and records examined by us, the company has delays in repayment of dues including interest to Yes Bank Limited. The default which have remained outstanding at the year-end is tabulated below:

Particulars	As At	Period of Delay					Total (Rs.)
		1-31 Days	32-60 Days	61-90 Days	91-180 Days	Above 180 Days	
Against Principal Amount*							
Yes Bank Loan	31-Mar-21	-	-	9,16,66,667	-	52,79,59,350	**61,96,26,017**
Total		**-**	**-**	**9,16,66,667**	**-**	**52,79,59,350**	**61,96,26,017**

Particulars	As At	Period of Delay					Total
		1-31 Days	32-60 Days	61-90 Days	91-180 Days	Above 180 Days	
Against Interest Amount*							
Yes Bank Loan	31-Mar-21	1,02,08,601	1,12,16,653	1,11,30,926	2,16,53,815	13,93,66,663	**19,35,76,657**
Yes Bank CC	31-Mar-21	13,51,005	14,95,756	14,95,756	29,43,261	1,45,65,146	**2,18,50,924**
Yes Bank WCDL		23,52,089	25,72,036	25,39,975	49,04,898	2,88,95,970	**4,12,64,968**
Total		**1,39,11,695**	**1,52,84,445**	**1,51,66,657**	**2,95,01,974**	**18,28,27,779**	**25,66,92,549**

Note 1* The above overdue amount of principal and interest default persisted on 31st March, 2021.

(ix.) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further, term loans were applied for the purpose for which the loans were obtained.

(x.) 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.) In our opinion, 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.) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For RAVI RAJAN & CO. LLP
Chartered Accountants
(Firm RegistrationNo.009073N)

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

Jayanth.A
Partner (Membership No. 231549)
New Delhi,
Dated: 19th June, 2021
UDIN No: 21231549AAAACV3498

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 & Chemicals 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 With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements 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.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS Financial Statements

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, 2021, 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. LLP
Chartered Accountants
(Firm RegistrationNo.009073N)

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

Jayanth.A
Partner (Membership No. 231549)
New Delhi,
Dated: 19th June, 2021
UDIN No: 21231549AAAACV3498

Kanpur Fertilizers & Chemicals Limited
Balance Sheet as on 31st March,2021

(Rs. In Lakhs)

Particulars	Note No	As on 31st March,2021	As on 31st March,2020
Assets			
Non Current Assets			
Property, Plant and Equipment	4	74,436	81,745
Capital Work in Progress		-	71
Financial Assets		-	-
Other Financial Assets	5	2,505	39
Other Non Current Assets	6	6	7
		76,947	**81,862**
Current Assets			
Inventories	7	7,187	6,766
Financial Assets		-	-
Trade Receivable	8	29,160	133,210
Cash and Cash Equivalents	9	19,178	1,395
Bank Balance other than above	10	1,000	966
Other Financial Assets	11	9,413	6,454
Current Tax Assets (Net)	12	3,691	3,589
Other Current Assets	13	4,085	4,013
		73,714	**156,393**
		150,661	**238,255**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	34,346	29,096
Other Equity	15	43,607	53,492
		77,953	**82,588**
Non Current Liabilities			
Financial Liabilities			
Borrowing	16	7,862	11,627
Other Financial Liabilities	17	1,157	1,147
Provisions	18	292	386
Deferred Tax Liabilities (Net)	19	2,728	4,056
		12,039	**17,216**
Current Liabilities			
Financial Liabilities			
Borrowings	20	4,110	52,365
Trade payables	21	-	-
Total outstanding dues of creditors other than MSME		32,946	58,718
Total outstanding dues of MSME		298	961
Other Financial Liabilities	22	22,575	25,265
Other Current Liabilities	23	627	984
Provisions	24	98	115
Current Tax Liabilities(Net)	25	15	43
		60,669	**138,451**
Total		**150,661**	**238,255**

Summary of Significant Accounting Policies & Notes to the Financial Statements "1" to "40"

For Ravi Rajan & Co. LLP
Chartered Accountants
Registration No. 009073N/N500320

RAVI RAJAN & CO. LLP New Delhi Chartered Accountants

(Jayanth. A)
Partner
M. No. 231549

UDIN: 21231549AAAACV3498
Place: Noida, UP
Dated : 19.06.2021

For and on behalf of the Board

(Manoj Gaur)
Chairman
DIN: 00008480

(Suman Lata)
Company Secretary
FCS-4394

(Sudhir Rana)
Chief Financial Officer

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

Kanpur Fertilizers & Chemicals Limited

Profit and Loss for the Year Ended 31st March,2021

(Rs. In Lakhs)

Particulars	Note No	Quarter Ended 31.03.2021 (Audited)	Quarter Ended 31.03.2020 (Audited)	Quarter Ended 31.12.2020 (Subject to LR)	Year Ended 31.03.2021 (Audited)	Year Ended 31.03.2020 (Audited)
Revenue From Operations	26	45,642	62,977	49,923	189,189	247,688
Other Income	27	85	42	109	277	280
Total Income		45,727	63,019	50,032	189,466	247,968
Expenses						
Cost of Materials Consumed	28	28,090	38,068	30,197	112,442	158,764
Purchases of Stock-in-Trade	29	108	57	2,121	3,219	3,283
Changes in Inventories of Finished Goods & Work-in-Progress	30	(1,049)	266	(217)	(185)	2,939
Employee Benefits Expense	31	1,167	1,250	1,161	4,688	5,053
Finance costs	32	4,161	3,846	3,375	14,081	11,958
Depreciation and amortization Expense	33	1,799	1,822	1,840	7,300	7,393
Other expenses	34	12,048	13,964	14,982	54,061	57,457
Total Expenses		46,324	59,273	53,459	195,606	246,847
Profit Before Exceptional Items and Tax		(597)	3,746	(3,427)	(6,140)	1,121
Exceptional Items [Net]	35	355	858	-	(152)	899
Profit Before Tax		**(952)**	**2,888**	**(3,427)**	**(5,988)**	**222**
Tax Expense:	36					
(1) Current Tax		-	43	-	-	43
(2) Adjustment for prior periods Tax		2	-	-	2	-
(3) Mat Credit Entitlement		(2)	(43)	-	(2)	(43)
(4) Deferred Tax		231	1,215	(1,026)	(1,336)	135
Total Tax Expenses		**231**	**1,215**	**(1,026)**	**(1,336)**	**135**
Profit/(Loss) for the Period		**(1,183)**	**1,673**	**(2,401)**	**(4,652)**	**87**
Other Comprehensive Income						
Items that Will Not be Reclassified to Profit or Loss						
Re-measurement gains/ (losses) on defined benefit plans (net)		26	(6)	-	26	(6)
Income Tax		(9)	2	-	-9	2
Total Other Comprehensive Income		**17**	**(4)**	**-**	**17**	**(4)**
Total Comprehensive Income for the Period		**(1,166)**	**1,669**	**(2,401)**	**(4,635)**	**83**
Paid Up Equity Share Capital (Rs. In Cr.)		343	291	343	343	291
Face Value per share		10	10	10	10	10
Earnings per Equity Share	37					
(1) Basic		(0.35)	0.58	(0.70)	(1.41)	0.03
(2) Diluted		(0.35)	0.47	(0.68)	(1.32)	0.02

Summary of Significant Accounting Policies & Notes to the Financial Statements "1" to "40"

For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N/N500320

(Jayanth. A)
Partner
M. No. 231549
UDIN: 21231549AAAACV3498

RAVI RAJAN & CO. LLP New Delhi Chartered Accountants

Place: Noida, UP
Dated : 19.06.2021

For and on behalf of the Board

(Manoj Gaur)
Chairman
DIN: 00008480

(Suman Lata)
Company Secretary
FCS-4394

(Sudhir Rana)
Chief Financial Officer

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

Kanpur Fertilizers & Chemicals Limited
Cash Flow Statement For The Year Ended 31st March, 2021

(Rs. In Lakhs)

	Cash Flow Statement	2020-21	2019-20
A	**Cash Flows From Operating Activities**		
	Profit For the Year	(5,989)	222
	Adjustments For:	-	-
	- Exceptional Items (Net)	(152)	-
	- Depreciation	7,300	7,393
	- Interest and Finance Charges	14,082	11,858
	- Loss on Fixed Assets Sold / Discarded	-	855
	- Unrealised foreign exchange loss / (gain)	-	15
	- Interest Income on Fixed Deposits	(261)	(199)
	Operating Profit Before Working Capital Changes	14,980	20,144
	Adjustments for :		
	- (Increase) / Decrease in Inventories	(422)	3,261
	- (Increase) / Decrease in Trade Receivables	103,806	(34,042)
	- (Increase) / Decrease in Other Financial Assets	(4,745)	8,212
	- (Increase) / Decrease in Other Current Assets	(72)	(179)
	- Increase / (Decrease) in Trade Payables	(25,908)	7,522
	- Increase / (Decrease) in Other Current Liabilities	(356)	33
	- Increase / (Decrease) in Other Financial Liabilities and Provision	(5,097)	9,538
	- Change in Other Assets	(99)	1
	Cash Generated From Operations	82,087	14,490
	- Income Tax Refund/ (Paid)	(30)	(136)
	Net Cash Flow Generated From Operating Activities	82,057	14,354
B	**Cash Flow From Investing Activities**		
	- Additions To PPE And Intangible Assets	(53)	(91)
	- Proceeds From Sale/ Disposal Of Property, Plant And Equipment	1	65
	- Interest Received	325	146
	- Investment In Fixed Deposit	(777)	(697)
	Net Cash Flows (Used In) Investing Activities	(504)	(577)
C	**Cash Flow From Financing Activities**		
	- Proceeds/(Repayments) of Share Capital		
	- Proceeds/(Repayments) of Long Term Borrowings	(3,765)	(2,129)
	- (Repayments Of) / Proceeds From Short Term Borrowings (Net)	(47,108)	973
	- Interest And Finance Charges Paid	(12,897)	(11,858)
	Net Cash Flows (Used In)/ Generated From Financing Activities	(63,770)	(13,014)
	Net Change In Cash And Cash Equivalents (A+B+C)	17,783	764
	Cash And Cash Equivalents- Opening Balance	1,395	631
	Cash And Cash Equivalents- Closing Balance	19,178	1,395
	Notes To Cash Flow Statement:		
	Cash And Cash Equivalents Include :		
	Cash on Hand	7	4
	Balances with Banks:	19,171	1,391
	Cash And Cash Equivalents At The End Of The Year [Refer Note No 9]	19,178	1,395

Summary of Significant Accounting Policies &
Notes to the Financial Statements "1" to "40"

For Ravi Rajan & Co. LLP
Chartered Accountants
Registration No. 009073N/N500320

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

(Jayanth. A)
Partner
M. No. 231549

(Manoj Gaur)
Chairman
DIN: 00008480

Place : Noida, UP
Dated : 19.06.2021
UDIN: 21231549AAAACV3498

(Suman Lata)
Company Secretary
FCS-4394

(Sudhir Rana)
Chief Financial Officer

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

Kanpur Fertilizers & Chemicals Limited

Statement of Changes in Equity For the Year Ended 31st March,2021

Equity

Particulars

a. Equity share capital	Rs. In Lakhs)
Balance as at 31st March,2020	29,096
Equity Share Issued During the period	5,250
Balance as at 31st March ,2021	34,346

Other Equity (Rs. In Lakhs)

Particular	Equity Component of Compulsory	General Reserve	Security Premium	Retained Earnings	Remeasurements of the Defined Benefit Plans	Total
Balance as at 31st March, 2020	6,150	-	42,383	4,788	171	53,492
Profit For the Year	-	-	-	(4,652)	-	(4,652)
Remeasurement of Defined Benefit Liability(Net of	-	-	-	-	17	17
Changes During The Year	(5,250)	-	-	-	-	(5,250)
Balance as at 31st March,2021	900	-	42,383	136	188	43,607

Summary of Significant Accounting Policies & Notes to the Financial Statements "1" to "40"

For Ravi Rajan & Co.
Chartered Accountants
Registrotion No. 009073N/N500320

(Jayanth. A)
Partner
M. No. 231549

RAVI RAJAN & CO. LLP New Delhi Chartered Accountants

UDIN: 21231549AAAACV3498
Place: **Noida**
Dated : **19.06.2021**

For and on behalf of the Board

(Manoj Gaur)
Chairman
DIN : 00008480

(Suman Lata)
Company Secretary
FCS-4394

(Sudhir Rana)
Chief Financial Officer

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

Note No."1" Nature of Operations

Kanpur Fertilizers & Cement Limited (KFCL) was incorporated on 31st May 2010. The name of the Company was changed to Kanpur Fertilizers & Chemicals Limited w.e.f. 09th December, 2019. 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" Statement of compliance

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

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

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

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

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

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

B. Use of estimates and judgements

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

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

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

a. Property, Plant and Equipment (PPE)

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

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed in Schedule II to the Companies Act, 2013. The useful lives of the property, plant and equipment are as follows:

Assets	Useful Lives
Building	60 Years
Plant and Machinery	8-25 years
Vehicle	8 - 10 years
Office equipment	5 years
Furniture and fittings	10 years

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

Freehold land is not depreciated.
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

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

b. Intangible assets

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

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Computer Software is amortized over a period of 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.

c. Inventories

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

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

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

d. Revenue Recognition

i. Sale of Goods

1. The company manufactures urea and the price of the same is regulated by Government of India (GOI). The company sells urea to the Authorized dealers/agents at the subsidized rate of Rs. 4974 per ton and receives the subsidy from the GOI at the notified price in force.

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

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

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

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

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

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

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

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

i. the New Pricing Scheme – Stage III and New Investment Policy 2008 for the period from April 1, 2015 to May 31, 2015;

ii. New Urea Policy 2015 from June 1, 2015 onwards; and

iii. Uniform Freight Policy

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

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

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

ii. Interest Income

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

iii. Insurance Claims

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

e. Foreign Currency Transaction

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

At the end of each reporting period-

i. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

ii. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

iii. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated

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

f. Retirement and other employee benefits

i. Retirement benefit costs

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

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

Defined benefit costs are categorized as follows:

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

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

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

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

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

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

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

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

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

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

g. Borrowing cost

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

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

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

h. Lease

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

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

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

Company as a lessor

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

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

Transition to Ind AS 116

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

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

Company as a lessee

Operating leases

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

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

i. Earnings per share

Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.
Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

j. Income Taxes

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

i. Current tax

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

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

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

ii. Deferred tax

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

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

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

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

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

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

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

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

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

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

iii. Current and deferred tax for the year

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

k. Impairment of tangible and intangible assets

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

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

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

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

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

l. Provisions

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

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

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

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

m. Contingent liabilities

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

n. Operating cycle

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

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

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

p. Fair value measurement

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

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

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

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

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

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

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

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

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

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

q. Financial Instrument

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

Financial asset is any assets that is

- Cash;
- An equity instrument of another entity;

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

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

Financial Liability is any liabilities that is

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

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

Classification

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

i. The entity's business model for managing the financial assets and

ii. The contractual cash flow characteristics of the financial asset.

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

i. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Recognition

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

Measurement of financial assets

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

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

Effective interest method

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

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

Trade receivables

Trade receivables can be classified into two categories, one is from the customers into the market and second one is from the Government of India in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is Nil. For market receivables from the customers, the company extends credit to customers in normal course of business. The company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored.
The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The company has also taken security deposits from its customers, which mitigate the credit risk to some extent.
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 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

De-recognition of financial assets

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

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

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

Financial Liabilities

Financial liabilities subsequently measured at amortized cost

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

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

Financial liabilities at FVTPL

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

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

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

Borrowings

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

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

Trade payables

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

Equity instruments

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

Preference share capital

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

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

a) The instrument includes no contractual obligation:

  i. To deliver cash or another financial asset to another entity; or

  ii. To exchange financial assets or financial liabilities with another entity under conditions that is potentially unfavorable to the issuer.

b) If the instrument will or may be settled in the issuer's own equity instruments, it is:

  i. A non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or

  ii. A derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

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

Compound financial instruments

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

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

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

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

De-recognition of financial liabilities

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

npur Fertilizers & Chemicals Limited

otes to the Financial Statements for the Year Ended 31st March,2021

TE No. "4"
pperty Plant & Equipment

(Rs. In Lakhs)

rticulars	Lease hold land	Building	Plant & machinery	EDP machine	Furniture & fittings	Office equipments	AC & coolers	Refrig.& Water Cooler	Television/Cinematography	Stores & spares	Vehicles	Total
oss Block												
at 31st March, 2020	24,344	8,349	88,189	858	398	17	200	33	146	423	294	123,251
ditions	-	-	38	13	3	-	-	-	-	-	-	54
posals/Discard	-	-	66	68	7	3	15	9	3	-	10	181
at 31st Mar, 2021	24,344	8,349	88,161	803	394	14	185	24	143	423	284	123,124
cumulated Depreciation												
at 31st March, 2020	-	1,767	38,377	625	227	12	89	13	67	165	164	41,506
arge for the year		304	6,835	37	35	0	19	3	13	28	26	7,300
posals/Discard		-	37	51	4	3	10	4	1	-	10	118
at 31st March, 2021	-	2,071	45,175	611	258	9	98	12	79	193	180	48,688
t Block(As at 31st March, 2020)	24,344	6,582	49,812	233	171	5	111	20	79	258	130	81,745
t Block(As at 31st March, 2021)	24,344	6,278	42,986	192	136	4	87	12	64	230	103	74,436

Kanpur Fertilizers & Chemicals Limited

Notes to the Financial Statements for the Year Ended 31st March,2021

(Rs. In lakhs)

Particulars	As on 31st March, 2021	As on 31st March, 2020
NOTE No. "5"		
Other Financial Assets		
Bank Deposits With More Than 12 Months Maturity *	751	7
Security Deposit	1,611	11
Other Receivables	143	21
* Pledged as margin with banks against LC/BGs & DSRA	2,505	39
NOTE No. "6"		
Other Non-Current Assets		
Prepaid Expenses	6	7
NOTE No. "7"		
Inventories		
Raw Materials	395	268
Work in Progress	1,218	1,533
Finished Goods	62	613
Finished Goods In Transit	1,715	664
Stores & Spares	3,314	3,267
Catalyst	483	421
	7,187	6,766
NOTE No. "8"		
Trade Receivables		
Others (Unsecured, Considered Good)	29,160	133,210
NOTE No. "9"		
Cash and Cash Equivalents		
Balance with Banks	4,633	160
Term Deposit Account with Maturity of Less Than Three Months *	14,538	1,231
Cash in Hand	7	4
* Pledged as margin with banks against LC/BGs & DSRA	19,178	1,395
NOTE No. "10"		
Other Bank Balances		
Deposits with Maturity for Less Than 12 Months *	1,000	966
* Pledged as margin with banks against LC/BGs & DSRA	1,000	966
NOTE No. "11"		
Other Financial Assets		
Accrued Interest Receivable	67	131
Other Receivables	5	5
Related Party	9,341	6,318
	9,413	6,454
NOTE No. "12"		
Current Tax Assets (Net)		
Advance Tax	724	724
Tax Deducted at Source	259	159
MAT Credit Entitlement	2,708	2,706
	3,691	3,589
NOTE No. "13"		
Other Current Assets		
Prepaid Expenses	239	231
Advances to Vendors	660	843
GST/VAT Receivable	3,186	2,939
	4,085	4,013

Kanpur Fertilizers & Chemicals Limited
Notes to the Financial Statements for the Year Ended 31st March,2021

(Rs. In Lakhs)

NOTE No. "14" - Equity Share capital	As on 31st March 2021	As on 31st March 2020
Authorised Share Capital		
Equity Share Capital		
82,50,00,000 (Previous period 82,50,00,000) Shares of Rs. 10/- each	82,500	82,500
Preference Share Capital	-	-
37,50,00,000 (Previous period 37,50,00,000) Shares of Rs. 10/- each	37,500	37,500
	120,000	120,000
Issued, subscribed and paid up capital		
Equity Share Capital		
34,34,57,225 (Previous period 29,09,57,225) Shares of Rs. 10/- each fully paid up	34,346	29,096
Preference Share Capital	-	-
90,00,000 (Previous period 6,15,00,000) Shares of Rs. 10/- each fully paid up	900	6,150

Details of Shareholders Having More than 5% Shares	% of Shares	As on 31st March, 2021	As on 31st March, 2020
Equity Shares			
Jaypee Uttar Bharat Vikas Private Limited	58%	200,050,000	200,050,000
Jaypee Fertilizers & Industries Limited	35%	117,982,549	65,482,549
Mahabhadra Constructions Limited (w.e.f 21.04.2020)	7%	25,000,000	25,000,000
		-	-
Preference Shares		-	-
Jaypee Fertilizers & Industries Limited	100%	9,000,000	61,500,000

Reconciliation of No. of Shares Outstanding	As on 31st March, 2021	As on 31st March, 2020
Equity Share		
Equity Shares Outstanding at the Beginning of the Year	290,957,225	290,957,225
Equity Shares Issued During the Year	52,500,000	-
Outstanding at the End of the Year	343,457,225	290,957,225
Preference Share		
Preference Shares Outstanding at the Beginning of the Year	61,500,000	61,500,000
Prefence Shares converted to Equity Shares During the Year	52,500,000	-
Outstanding at the End of the Year	9,000,000	61,500,000

Equity Shares

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

The Paid up Equity Share Capital of the Company is held by Jaypee Uttar Bharat Vikas Private Limited (Holding Company-58%) including 10,000 Equity Shares held in the name of subscribers to the memorandum as nominee of the Company , Jaypee Fertilizers & Industries Limited (35%) and Mahabhadra Constructions Limited (7%).

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

Preference Shares

During the year 5,25,00,000 11% Compulsorily Convertible Preference shares (CCPS) of Kanpur Fertilizers & Chemicals Limited held by Jaypee Fertilizers & Industries Limited (JFIL) were converted to Equity as per terms of allotment on 27th June 2020.

90,00,000 10% Compulsorily Convertible Preference shares (CCPS) of Kanpur Fertilizers & Chemicals Limited held by Jaypee Fertilizers & Industries Limited (JFIL) were allotted on 31st July 2017 and shall be convertible to Equity as per terms of allotment on 31st July 2022.

NOTE No. "15" Other Equity	As on 31st March 2021	As on 31st March 2020
(i)Equity Component of Financial Instrument		
Opening Balance	6,150	6,150
Less Conversion During the Year	5,250	-
Closing Balance	900	6,150

(ii)Reserves and Surplus		
(a) Surplus (Profit and Loss Balance)		
Opening Balance	4,788	4,701
Profit / (Loss) for the year	(4,652)	87
Closing Balance	136	4,788
(b) Security Premium Reserve		
Opening Balance	42,383	42,383
Addition during the Year	-	-
Closing Balance	42,383	42,383
Total Reserve & Surplus	42,519	47,171
iii) Other Comprehensive Income		
(a) Remeasurement of Defined benefit plan (Net of Tax)		
Opening Balance	171	175
Addition/Deduction during the Year	17	(4)
Closing Balance	188	171
Total Other Equity	43,607	53,492

Kanpur Fertilizers & Chemicals Limited

Notes to the Financial Statements for the Year Ended 31st March,2021

(Rs. In lakhs)

Particulars	As on 31st March, 2021	As on 31st March, 2020
NOTE No. "16"		
Borrowings		
Secured		
Term Loans		
From Banks - Yes Bank Ltd. (YBL).*	917	3,446
From Financial Institutions - India Infrastrucrure Finance Company Limited (IIFCL) (EIR - 13.18%)	6,945	8,181
	7,862	11,627

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

* The company has defaulted in repayment of principal and interest dues w.r.t loan from Yes Bank Limited.

Refer Note 40 for the details of such default and proposed restructuring of the existing Term Loan and Working Capital Facilities by Yes Bank Limited

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

i) IIFCL - The repayment as per the original sanctioned terms was scheduled in 48 structured quarterly installment from June 30, 2015. The rate of interest is SBI MCLR + 3 % . Basis the revised approved accelerated prepayment of the loan, 10 additional quarterly payment (3 quarters in an year) of Rs 500.00 lakhs starting from March 2020 are to be made along with the original scheduled principal repayment and accordingly the loan is expected to be fully repaid in September 2025, ahead of its original scheduled repayment in March 2027. The amount outstanding as at 31.03.2021 is Rs 9,008.00 lakhs (Previous Year - Rs. 10,515.20 lakhs).

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

ii) 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 in other group companies). 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 31.03.2021 is Rs. 10,779.59 lakhs (Previous Year - Rs. 10,779.59 lakhs).

NOTE No. "17"		
Other Financial Liabilities		
Security and Other Deposits	1,157	1,147
NOTE No. "18"		
Long Term Provisions		
Provision for Employee Benefit		
Gratuity	183	203
Leave Encashment	109	183
	292	386
NOTE No. "19"		
Deferred Tax Assets		
On account of property, plant & equipment	-	-
Provision for Leave encashment ,Gratuity & Bonus	147	167
Brought Forward Losses & Unabsorbed Depreciation	2,217	1,394
Deferred Tax Liabilities		
Difference in book depreciation and tax depreciation	5,092	5,617
Net Deferred Tax Assets/(Liabilty)	2,728	4,056

Movement in deferred tax balances

March 31, 2021

Particulars	Net Balance	Recognised in P & L	Recognised in OCI	Net Balance
Difference in WDV as per Income tax & WDV as per Co. Act 2013	(5,617)	524	-	(5,092)
Provision for Leave encashment ,Gratuity & Bonus	167	(11)	(9)	147
Brought Forward Losses & Unabsorbed Depreciation	1,394	823	-	2,217
Net Deferred Tax Assets/(Liabilities)	**(4,056)**	**1,336**	**(9)**	**(2,728)**

March 31, 2020

Particulars	Net Balance	Recognised in P & L	Recognised in OCI	Net Balance
Difference in WDV as per Income tax & WDV as per Co. Act 2013	(6,108)	491	-	(5,617)
Provision for Leave encashment & Gratuity	154	11	2	167
Brought Forward Losses & Unabsorbed Depreciation	2,031	(637)	-	1,394
Net Deferred Tax Assets/(Liabilities)	**(3,923)**	**(135)**	**2**	**(4,056)**

Kanpur Fertilizers & Chemicals Limited
Notes to the Financial Statements for the Year Ended 31st March,2021

(Rs. In lakhs)

Particulars	As on 31st March, 2021	As on 31st March, 2020
NOTE No. "20"		
Borrowings		
From Banks (Secured)		
State Bank of India (SBI)	-	39,909
ICICI Bank Ltd	-	8,346
Yes Bank Ltd (YBL)	4,110	4,110
	4,110	52,365

i) A consortium of Banks comprising State Bank of India and ICICI Bank has sanctioned working capital facilities of Rs.37,800.00 lakhs (both Fund Based and Non Fund Based).

These working capital facilities are secured by way of pari passu first charge on current assets comprising of stocks, stores & spares , stock in progress, finished goods,material in transit and book debts (both present & future) & second ranking pari passu charge on Fixed assets (movable & immovable, both present & future).

ii) Yes Bank Limited has sanctioned overdraft facility of Rs. 5,000.00 lakhs . The facility is secured by way of subservient charge over current assets of the Company , extension of pledge over 30% of share capital of Bhilai Jaypee Cement Limited held by JAL & NDU over 44% 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.

Particulars	As on 31st March, 2021	As on 31st March, 2020
NOTE No. "21"		
Trade Payables		
Others	32,946	58,718
Micro Small Medium Enterprises	298	961
	33,244	59,679
Details relating to Micro, Small and Medium Enterprises is as under -		
a) Principal amount	298	961
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 additing the interest specified	Nil	Nil
e) The amount of interest accrued and remaining unpaid as at December 31, 2020	Nil	Nil
f) The amount of interest remaining due and payable even in the suceeding years, until such date when the the interest is actually paid	Nil	Nil
NOTE No. "22"		
Other Financial Liabilities		
Current Maturities of Long-Term Debt (Secured, Considered Good)		
India Infrastrucrure Finance Company Limited	2,012	2,263
Yes Bank Ltd.	9,863	7,333
SREI Equipment Finance Limited	-	1,132
Payable on Account of Employees	424	514
Security and Other Deposits	192	206
Amount Payable to Related Parties	58	156
Other Payable	10,026	13,661
	22,575	25,265

i) SREI - The amount outstanding as at 31.03.2021 is Nil as the loan has been repaid in full on 24.11.2020 (Previous Year - Rs. 1,131.52 lakhs).

Particulars	As on 31st March, 2021	As on 31st March, 2020
NOTE No. "23"		
Other Current Liabilities		
Statutory Taxes and Dues	289	468
Advance Received from Customers	338	516
	627	984
NOTE No. "24"		
Provisions		
Gratuity	66	78
Leave Encashment	32	37
	98	115
NOTE No. "25"		
Current Tax Liability		
Provision for Income Tax	15	43

Kanpur Fertilizers & Chemicals Limited
Notes to the Financial Statements for the Year Ended 31st March,2021

(Rs. In Lakhs)

Particulars	Quarter Ended 31.03.2021	Quarter Ended 31.03.2020	Quarter Ended 31.12.2020	Year Ended 31.03.2021	Year Ended 31.03.2020
NOTE No. "26"					
Revenue from Operation					
Sale of Products					
Urea Sale	7,619	9,117	9,646	35,343	38,876
Ammonia Sale	-	931	-	727	931
Govt Subsidy- Urea	32,545	44,791	31,539	125,208	167,239
GAIL Subsidy- Gas pool	5,314	8,069	6,253	24,054	36,756
Sale-Flyash	34	4	26	78	21
	45,512	62,912	47,464	185,410	243,823
Other operating revenue					
Sale -Traded Product	130	65	2,459	3,779	3,865
	130	65	2,459	3,779	3,865
Less:Discount		-			
	45,642	62,977	49,923	189,189	247,688
NOTE No. "27"					
Other Income					
Interest Income (including fair value of financial liability at amortised cost)	80	31	107	261	199
Foreign Exchange Gain (Net)	1	-15	1	-	(15)
Misc Receipts	4	26	1	16	96
	85	42	109	277	280
NOTE No. "28"					
Cost of material Consumed					
Raw Materials Consumed	26,841	36,490	28,777	106,758	152,443
Coal Consumed	740	1,110	835	3,568	4,242
Bags Consumed	509	468	585	2,116	2,079
	28,090	38,068	30,197	112,442	158,764
NOTE No. "29"					
Purchases of Stock-in-Trade					
Wheat seed	-	-2	1,573	1,573	1,441
Calcium Nitrate	3	1	125	136	187
Zyme	33	9	148	670	765
Micro Nutrient	38	10	114	386	298
Sulphur	22	18	92	263	268
Zink Sulphate	-	14	15	37	167
City Compost	5	4	26	76	54
Ferrous Sulpphate	7	2	25	63	89
Others	0	1	3	15	14
	108	57	2,121	3,219	3,283
NOTE No. "30"					
Changes in Inventories of Finished Goods					
Work-in-Progress					
Opening Stock					
Work-in-Progress	681	1,095	487	1,533	2,407
Finished Goods	1,265	1,981	1,242	1,277	3,342
	1,946	3,076	1,729	2,810	5,749
Closing Stock					
Work-in-Progress	1,218	1,533	681	1,218	1,533
Finished Goods	1,777	1,277	1,265	1,777	1,277
	2,995	2,810	1,946	2,995	2,810
	(1,049)	266	(217)	(185)	2,939
NOTE No. "31"					
Employee Benefit Expense					
Salaries and Wages	1,054	1,196	1,084	4,274	4,584
Contribution to Provident and Other Funds	53	57	50	200	230
Gratuity	61	(43)	17	129	65
Staff Welfare	-1	40	10	85	174
	1,167	1,250	1,161	4,688	5,053
NOTE No. "32"					
Finance Cost					
Interest to Banks on Working Capital	852	1,785	1,603	5,924	6,681
Interest to Banks on Term Loan	783	775	754	2,933	2,857
Interest to Others	2,520	1,286	808	4,958	2,378
Financial Charges	6	-	210	266	42
	4,161	3,846	3,375	14,081	11,958

Kanpur Fertilizers & Chemicals Limited
Notes to the Financial Statements for the Year Ended 31st March,2021

(Rs. In Lakhs)

Particulars	Quarter Ended 31.03.2021	Quarter Ended 31.03.2020	Quarter Ended 31.12.2020	Year Ended 31.03.2021	Year Ended 31.03.2020
NOTE No. "33"					
Depreciation and Amortization expense					
Depreciation on Tangible Assets	1,799	1,822	1,840	7,300	7,393
	1,799	1,822	1,840	7,300	7,393
NOTE No. "34"					
Other expenses					
Repairs & Maintenance - Others	2	351	105	209	957
Electricity Charges	8,557	9,982	11,886	41,653	41,336
Store and Spares Consumed	592	487	531	1,772	2,410
Repairs & Maintenance - Plant	348	463	172	986	1,933
Directors' Meeting Fee	6	5	4	21	18
Insurance	102	119	106	431	374
Rates & Taxes	15	19	9	107	134
Loading & Unloading Charges	353	331	331	1,317	1,316
Travelling & Conveyance Expenses	63	57	54	202	232
Corporate Social Responsibility	13	47	21	35	50
Vehicle Running & Hiring Charges	64	48	70	245	226
Freight & Octrol Expenses	1,539	1,572	1,384	5,707	6,666
Advertising and Sales Promotion	191	73	21	294	373
Legal & Professional	85	54	65	283	346
Bank Charges & LC/BG Commission	20	22	61	196	243
Safety & Security	69	74	64	249	329
Horticulture and Gardening	1	50	3	15	120
Auditors Remuneration*	11	24	6	27	24
(*) please refer details below	-	-	-	-	-
Fair value of Financial Liability at amortised cost	(43)	143	47	97	123
Miscellaneous Expenses	60	43	42	215	247
	12,048	13,964	14,982	54,061	57,457
NOTE No. "35"					
Exceptional Items (Net)					
Loss on Retirement of Fixed Assets*	62	858	-	61	855
Capital Work in Progress*	70	-	-	70	-
Bad Debts Written Off	242	-	-	244	67
Creditor Bal. Written Back	(19)	-	-	(527)	(23)
	355	858	-	(152)	899

1. The physical verification exercise of the Fixed Assets was carried out during the FY 2020-21 and it was found that there was discrepancy in terms of physical presence of written down value of Rs. 61 lakhs. Same has been recognised as Loss on retirement of Fixed Assets.
2. During the year, the company has assessed that the Capital Work in Progress of Rs. 70.56 lacs has no realisabilty and as the work is not be carried over, same has been fully provided.

3. The company has assessed that amount of Rs. 527.46 lakhs represent amount not payable to Creditors by the company and thus fully written back as esceptional item.
4. The Company has assessed that amount of Rs. 242.67 lakhs is not recoverable from the Dealers and thus fully as Bad Debts written off.

(*) Auditors Remuneration

Particulars	For year ended 31.03.2021	For year ended 31.03.2020
Audit Fees(Including LR Fees#)	8	8
Tax Audit Fees	3	3
GST Audit Fees	2	3
Cost Audit Fees	3	3
Internal Audit Fees	8	5
Secretrial Audit Fees	1	1
Audit Expenses	2	2
Total	**27**	**24**

Kanpur Fertilizers & Chemicals Limited
Notes to the Financial Statements for the Year Ended 31st March,2021

NOTE No. "36" **Disclosure as per Indian Accounting Standard - 12 on 'Income taxes'**

(a) Income Tax Expense
i) Income tax recognised in statement of profit or loss

(Rs. In Lakhs)

	March 31, 2021	March 31, 2020
Current tax expense		
Current year	-	43
MAT Credit	(2)	(43)
Adjustment for prior periods	2	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	(1,336)	135
Reduction in tax rate		
	(1,336)	135
Total income tax expense	**(1,336)**	**135**

ii) Income tax recognised in other comprehensive income

(Rs. In Lakhs.)

Particulars	March 31, 2021 Before tax	March 31, 2021 Tax expense/ (benefit)	March 31, 2021 Net of tax	March 31, 2020 Before tax	March 31, 2020 Tax expense/ (benefit)	March 31, 2020 Net of tax
- Net actuarial gains/(losses) on defined benefit plans	26	(9)	17	(6)	2	(4)
	26	**(9)**	**17**	**(6)**	**2**	**(4)**

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

(Rs. In Lakhs)

Particulars	March 31, 2021	March 31, 2020
Accounting Profit/(Loss) before tax expense	(5,989)	222
Enacted tax rate	33.384%	33.384%
Taxed at India Statutory Tax Rates	**(1,999)**	**74**
Tax Effect of:-		
Non-Deductible Expenses	700	399
Non-Taxable Incomes	(26)	(26)
Expenses disallowed earlier now allowed as per Income Tax Act,1961	**(52)**	**(33)**
Impact of Depreciation as per Income Tax Act,1961	**504**	**207**
Carry Forward of Income Tax Losses for current year	**874**	**(622)**
Current tax of Prior Period	-	-
Deffered Tax Impact	**(1,336)**	**135**
Tax Expenses	**(1,336)**	**135**

iv) The tax rates under Indian Income Tax Act, for Financial Year 2020-21 is 33.384% (Previous year 2019-20 is 33.384%).

Kanpur Fertilizers & Chemicals Limited
Notes to the Financial Statements for the Year Ended 31st March,2021

NOTE No. "37" Disclosure as per Ind AS 33 on 'Earnings per Share'

Basic and diluted earnings per share		(Rs. In Lakhs)
	Mar 31st, 2021	**Mar 31st, 2020**
Basic earnings per share (Refer footnote a & b)	(1.41)	0.03
Diluted eanings per share	(1.32)	0.02
Nominal value per share	10.00	10.00
(a) Profit attributable to equity shareholders		
Profit for the year	(4,653)	87
Profit attributable to equity shareholders	**(4,653)**	**87**
(b) Weighted average number of equity shares		
Opening balance of issued equity shares	2,910	2,910
Effect of shares issued during the year, if any	401	-
Weighted average number of equity shares for Basic	**3,311**	**2,910**
(b) Weighted average number of Convertible Preference shares		
Opening balance of issued Preference shares	615	615
Effect of shares issued during the year, if any	(525)	-
Balance shares convertible at the end of the Year	**90**	**615**
Effect of shares Convertible during the year, if any	**124**	**-**
Weighted average number of Convertible Preference shares (b)	**214**	**615**
Weighted average number of equity shares for Diluted EPS (a+b)	**3,525**	**3,525**

Kanpur Fertilizers & Chemicals Limited

Notes to the Financial Statements for the Year Ended 31st March,2021

NOTE No. "38" **Disclosure as per Ind AS 19 'Employee benefits'**

(i) Defined contribution plans:

A. Provident fund

The Company pays fixed contribution to provident fund to the appropriate authorities. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss. An amount of Rs. 2.00 crore (31 March 2020: Rs. 2.29 crore) for the year is

(ii) Defined Benefits plans:

A. Gratuity-Funded

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

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

(Rs. In Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Net defined benefit Obligation :		
Gratuity (funded)	116.19	35.59
Total	**116.19**	**35.59**

(Rs. In Lakhs)

Total employee benefit obligation	As at 31.03.2021	As at 31.03.2020
Non-current	183.07	203.18
Current	66.61	77.84
Total	**249.68**	**281.02**

Movement in net defined benefit obligation for the year

(Rs. In Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Present Value of Obligation as at the beginning of Period	281.02	245.05
Interest Cost	19.11	18.77
Service Cost	40.21	46.24
Past service cost including curtailments Gains/Losses	-	-
Benefit Paid	-116.19	-35.59
Total Actuarial (Gains)/Loss on obligation	25.53	6.55
Total Service Cost to be recognised in Statement of Profit & Loss A/C	**249.68**	**281.02**

Included in OCI

(Rs. In Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Actuarial (Gains)/Loss arising from:		
Demographic assumptions	0.00	-0.20
Financial Assumptions	0.00	-17.56
Experience Adjustment	25.53	24.31
Total Amount Recognised in OCI	**25.53**	**6.55**

D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

Particulars	As at 31.03.2021	As at 31.03.2020
Discount rate	6.80%	6.80%
Retirement Age	60	60
Mortality Rate inclusive of Provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)
Withdrawal rate		
Up to 30 Years	2%	2%
From 31 to 44 Years	5%	5%
Above 44 Years	3%	3%
Salary escalation rate	4%	4%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii. Sensitivity analysis

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

(Rs. in Lakhs)

Particulars	31.03.2021		31.03.2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(6.83)	7.37	(6.67)	7.18
Expected return on plan assets (1% movement)				
Gratuity				
Salary escalation rate (0.50% movement)	7.54	(7.04)	7.34	(6.87)

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

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

E. Risk exposure

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

a) Salary Increases

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

b) Changes in discount rate

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

c) Investment Risk

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

c) Mortality & Disability

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

c) Withdrawals

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

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

(Rs. in Lakhs)

Particulars	0 to 1 Year	1 to 2 Year	2 to 3 Year	3 to 4 Year	4 to 5 Year	5 to 6 Year	6 Year onward
31 March 2020							
Gratuity	66.61	41.26	21.86	18.82	7.63	5.76	87.75
Total	66.61	41.26	21.86	18.82	7.63	5.76	87.75

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

Particulars	As at 31.03.2021	As at 31.03.2020
Gratuity	12.46	12.00

(iii) Other long term employee benefit plans

Leave

The Company provides for earned leave benefit to the employees of the Company which accrue monthly and in some case annually on the first day of the year. Earned leave (EL) over and above fixed maximum number of days is encashed paid to employees while in service and balance at the time of retirement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of Rs. 1.41 crore (31 March 2020: Rs. 2.20 crore) for the year have been made on the basis of actuarial valuation at the year end.

Kanpur Fertilizers & Chemicals Limited
Notes to the Financial Statements for the Year Ended 31st March,2021

Note No. "39" Corporate social responsibilities expenses (CSR)

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

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
A. Amount required to be spent during the year	34.89	50.09
B. Amount Actually spent during the year	34.93	50.12
Amount upspent (if any)	-	-

Amount spent during the year ended 31 March 2021: (Rs. in Lakhs)

Particulars	Amount spent	Yet to be spent	Total
- (i) Construction/ acquisition of any asset	31.77	-	31.77
- (ii) On purposes other than (i) above	3.16	-	3.16
Grand Total			**34.93**

Amount spent during the year ended 31 March 2020: (Rs. in Lakhs)

Particulars	Amount spent	Yet to be spent	Total
- (i) Construction/ acquisition of any asset	5.77	-	5.77
- (ii) On purposes other than (i) above	44.35	-	44.35
Grand Total			**50.12**

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

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2021
1) Ration Distribution During The Lockdown (Covid-19)	3.16
2) Renovation Of School At Deoria	1.08
3) Renovation Of G.S.Inter Collageu/S Csr Scheem	6.29
4) For Development Of Ghat On The Banks Of River Ganga At Anoopshahar.	24.40
Total	**34.93**

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2020
1. Contribution to EAKAL Vidyalaya	3.00
2. Sanitation	5.77
3. Installation of Hand Pumps in Slum Areas	33.30
4. Contribution to Lucknow Expression Society	8.05
Total	**50.12**

Note No. "40" Related Party Disclosure

i) Disclosure of Related Party Transactions and their Closing Balances is as Under :

(Rs. In Lakhs)

Name of Related Party	Relationship	Nature of Transcation	Transcation During the year		Payment	Outstanding Balance as at	
			FY 2020-21	FY 2019-20	FY 2020-21	31st March 2021	31st March 2020
Jaypee Fertilizers & Industries Limited	Holding Company	Reimursement Towards Expenses	-	118	-	1,511	1,929
Jaypee Uttar Bharat Vikas Private Limited	Holding Company	Reimursement Towards Expenses	-	-	-	1	1
Jaiprakash Associates Limited	Holding Company	Cement Purchased	-	42	-	-	-
		Purchase of Power	5,633	3,826	206	-	-
		Purchase of Power	22,338	19,349	31,103	8,515	-
		Cement Purchased	16	-	-	370	4,387
		Assets Puchased	19	-	72	-1,005	-
		Repairing Services	35	12	-	-52	-
		City Compost	-	9	-	-	-
Himalayaputra Aviation Limited	Fellow Subsidiary Company	Helicopter & Aeroplane hire Charges	120	120	185	-12	-46
Mahabhadra Constructions Ltd	Assosiate Company	Security & Medical Manpower Services	190	-	253	-26	0
		Security & Medical Manpower Services	-	219	-	-	-62
JIL Information Technology Ltd.	Assosiate Company	Manpower Supply	55	64	94	-13	-45
		Assets Puchased	2	-	-	-	-
		Sale of Assets	1	-	-	-	-
Jaypee Cement Corporation Ltd.	Assosiate Company	Purchase of AC Sheets	3	3	-	-7	-3
Gaur & Nagi Limited	Assosiate Company	Publishing Charges of Annual Report	0	13	0	-	-
Total						9,282	6,161

Receivable / Debit Balance of Related party as at 31st March 2021	Rs. In Lakhs
Jaypee Fertilizers & Industries Limited	1,511
Jaypee Uttar Bharat Vikas Private Limited	1
Jaiprakash Associates Limited	7,829
Total	9,341

Payable / Credit Balance of Related party as at 31st March 2021	Rs. In Lakhs
Himalayaputra Aviation Limited	(12)
Mahabhadra Constructions Ltd	(26)
JIL Information Technology Ltd.	(13)
Jaypee Cement Corporation Ltd.	(7)
Gaur & Nagi Limited	-
Total	(58)

(Rs. In Lakhs)

Key Managerial Person	Relationship	Nature of Transcation	Transcation During the year		Outstanding Balance as at	
			FY 2020-21	FY 2019-20	31st March 2021	31st March 2020
SUDHIR RANA*	CFO	**Short term employee benefit**				
		Salary	28	37	1	3
		Car Hire Charges	4	4	0	0
		Long term employee benefit	-	-	-	-
		Post employement Benefit				
		Leave Encashment	-	-	-	-
		Gratuity	-	-	-	-
A. K. JAIN	Vice Chairmen & CEO	**Short term employee benefit**				
		Salary	15	85	-	14
		Long term employee benefit	-	-	-	-
		Post employement Benefit				
		Leave Encashment	15	-	-	-
		Gratuity	11	-	-	-
Gaurav Jain	WTD	**Short term employee benefit**				
		Salary	12	98	-	18
		Long term employee benefit	-	-	-	-
		Post employement Benefit				
		Leave Encashment	10	-	-	-
		Gratuity	8	-	-	-
Suman Lata*	Company Secretary	**Short term employee benefit**				
		Salary	19	22	1	2
		Car Hire Charges	3	3	0	0
		Long term employee benefit	-	-	-	-
		Post employement Benefit				
		Leave Encashment	-	-	-	-
		Gratuity	-	-	-	-
Alok Gaur	WTD & CEO	**Short term employee benefit**				
		Salary	17	-	4	
		Long term employee benefit	-	-	-	-
		Post employement Benefit				
		Leave Encashment	-	-	-	-
		Gratuity	-	-	-	-
			142	**249**		

*** The remuneration to the key managerial personenl does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.**

Director Name	AUDIT COMMITTEE MEETING	BOARD MEETING	CSR COMMITTEE MEETING	INDEPENDENT DIR MEETING	NRC MEETING	Total
ANIL MOHAN	-	2	-	-	-	**2**
K.V. RAJENDRAN	1	2	-	0	1	**4**
MANOJ GAUR	-	2	-	-	-	**2**
R.K. PANDEY	1	2	-	-	1	**4**
S.C.K. PATNE	1	2	-	0	1	**4**
S.D. NAILWAL	-	2	-	-	1	**3**
SUNITA JOSHI	-	2	0	-	-	**2**
TOTAL DIRECTOR MEETING FEES						**21**

Note No. "40"

Default in repayment of Term Loan and interest thereon

The company has defaulted in repayment of principle and interest dues w.r.t Term loan from Yes Bank Limited.

The lender wise details are as under:

Particulars	As At	Period of Delay					Total
		1-31 Days	32-60 Days	61-90 Days	91-180 Days	Above 180 Day	(Rs. In Lakhs)
Against Principal Amount*							
Yes Bank Loan	31-Mar-21	-	-	917	-	5,279	6,196
Total		-	-	917	-	5,279	6,196

Particulars	As At	Period of Delay					Total
		1-31 Days	32-60 Days	61-90 Days	91-180 Days	Above 180 Day	(Rs. In Lakhs)
Against Interest Amount*							
Yes Bank Loan	31-Mar-21	102	112	111	217	1,394	1,936
Yes Bank CC		14	15	15	29	146	218
Yes Bank WCDL	31-Mar-21	24	26	25	49	289	413
Total		139	153	152	295	1,828	2,567

Note :-

1. The above overdue amount of principle and interest default persisted on 31St Mar, 2021.
2. The Company has proposed the Consortium Lenders to restructure the Term Loan and credit facility availed from Yes Bank Limited. The details of the credit facilities outstanding as on 31st Mar. 2021 is given above.

Contingent Liability and Commitments not provided for in respect of (Rs. In Lakhs)

Particulars	2020-21	2019-20
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).	328	354
b) Legal claims against Labour Court Cases	4,328	3,539
c) Outstanding Balances of Bank Guarantees	649	641
Margin Money deposited against the above	872	773
d) Outstanding Letters of Credit (including Foreign LCs)	8,000	8,000
Margin Money deposited against the above	969	930
e) Capital Commitments:		
Estimated amount of Contract remaining to be executed on Capital Account and not provided for (net of Advances)	-	-

(I) Capital Management

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

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Debt*	23,847	74,720
Cash and Bank Balances (including cash and bank balances in a disposal group held for sale)	20,929	2,368
Net Debt	**2,918**	**72,352**
Equity	77,952	82,588
Total Debt + Equity	**80,870**	**154,939**
Net Debt to Equity Ratio	3.61%	46.70%

(ii) Categories of Financial Instruments

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Assets measured at Amortised Cost		
a) Cash and Cash Equivalent including Bank Balances	20,929	2,368
b) Other Financial Assets	11,918	6,493
c) Trade Receivable	29,160	133,210
Total	**62,007**	**142,071**

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Liabilities measured at Amortised Cost		
a) Non-Current Borrowing	7,862	11,627
b) Current Borrowing	4,110	52,365
b) Trade Payable	33,244	59,679
c) Other Financial Liability	23,732	26,412
Total	**68,948**	**150,083**

	Fair Value on ERR of 13% as at		Fair Value Hierarchy
Particulars	**March 31, 2021**	**March 31, 2020**	
Financial Assets			
Security Deposit	1,611	11	Level 2
Financial Liabilities			
Borrowing	23,847	74,720	Level 2
Security Deposit	1,157	1,147	Level 2

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

Rs. In Lakhs

Particulars	**2020-21**	**2019-20**
a) Claims against the Disputed Income Tax Liability (Including Tax) not acknowledged as Debt (Income Tax demand for the AY 12-13 on Bank Guarantee Commission is disputed and appeal has been filed with Commissioner Appeals against the order of DCIT - TDS. Regular assessments of AY 12-13 appeal with ITAT and AY 13-14 in appeal with CIT (Appeals).	328	328
b) Claims against the Disputed Goods and Service Tax liability (Including Tax) not acknowledged as Debt. Notice of Demand on account of excess Input Tax Credit (ITC) availed was raised by Assistant Commissioner of Central Tax. The company claims the same to eligible ITC and is in the process of filing reply to the Notice.	1,467	NIL
c) Legal claims against Labour Court Cases	4,328	3,539
d) Outstanding Balances of Bank Guarantees	649	641
Margin Money deposited against the above	872	773
e) Outstanding Letters of Credit (including Foreign LCs)	8,000	8,000
Margin Money deposited against the above	969	930

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
2. BhilaiJaypee Cement Limited
3. Himalyan Expressway Limited
4. Gujarat Jaypee Cement & Infrastructure Limited

5. Jaypee Ganga Infrastructure Corporation Limited
6. Jaypee Agra Vikas Limited
7. Jaypee Cement Corporation Limited
8. Himalyaputra Aviation Limited
9. Jaypee Assam Cement Limited
10. Jaypee Infrastructure Development Limited
11. Jaypee Healthcare Limited
12. Jaypee Cement Hockey (India) Limited
13. JaiprakashAgri 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) (Ceased to be an Associate company w.e.f. 25.03.2021)
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) (Ceased to be an associate w.e.f. 25.03.2021)
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. Mahabhadra Construction Limited (MCL) (Formerly known as Jaypee Development Corporation Limited (JDCL) (wholly owned subsidiary of JIV))
13. Andhra Cements Limited (subsidiary of MCL)
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 MCL)
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 (controlled by relative of Shri Manoj Gaur)
2. Jaiprakash Exports Private Limited (controlled by relatives of Shri Manoj Gaur)
3. Jaypee Jan SewaSansthan ('Not For Profit' Private Limited Company) (controlled by relatives of Shri Manoj Gaur)
4. Think Different Enterprises Private Limited (controlled by relative of Shri Manoj Gaur)
5. JC World Hospitality Private Limited (controlled by relative of Shri Manoj Gaur)
6. JC Wealth & Investments Private Limited (Jointly controlled by relative of Shri Manoj Gaur)
7. CK World Hospitality Private Limited (Jointly controlled by relative of Shri Manoj Gaur)
8. First Light Estates Private Limited (Controlled by relative of Shri Manoj Gaur)
9. Librans Venture Private Limited (it was dissolved w.e.f. 27.04.17 but was again activated) (Jointly controlled by relative of Shri Manoj Gaur)
10. Librans Real Estate Private Limited (Controlled by relative of Shri Manoj Gaur)
11. Jaypee Technical Consultants Private Limited (JAL, Holding Company KMP based Associate Co.)
12. Kram Infracon Private Limited (KIPL) (JAL, Holding Company KMP based Associate Co.) (Ceased to be related party w.e.f. 01.10.20)
13. Akasva Associates Private Limited (JUBVPL, Holding Company KMP based Associate Co.)
14. Akasva Infrastructure Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
15. Gandharv Buildcon Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
16. Viaan Technologies Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
17. Renaissance Lifestyle Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
18. Sandhar Infosystems Private Limited
19. Sandhar Hospitality (A Partnership firm)
20. Sparton Growth Fund Private Limited (till 16.06.2020)
21. Jaypee Hotels Limited (JUBVPL, Holding Company KMP based Associate Co.)
22. Sunil Hitech Energy Private Limited(JUBVPL, Holding Company KMP based Associate Co.)
23. SHEL Investments Consultancy Private Limited (JUBVPL, Holding Company KMP based Associate Co.)

e) **Key Managerial Personnel**

1. Shri Manoj Gaur – Non Executive Chairman
2. Shri Alok Gaur – Joint Managing Director& CEO
3. Shri A.K.Jain – Vice Chairman and CEO (Resigned w.e.f. 13.07.2020)
4. Shri Sunny Gaur – Dirctor (Resigned w.e.f 14.09.2020)
5. Shri Gaurav Jain – Director (Resigned w.e.f. 16.06.2020)
6. Ms. Sunita Joshi – Non Executive Director
7. Shri R.K. Pandey – Non Executive Director
8. Shri S.D. Nailwal – Non Executive Director
9. Shri Ajit Kumar – Non Executive Director
10. Shri Anil Mohan – Non Executive Director
11. Shri S.C.K. Patne – Independent Director
12. Shri K.V.Rajendran – Independent Director
13. Shri Sudhir Rana – Chief Financial Officer
14. Smt. Suman Lata – Company Secretary

f) **Key Managerial Personnel of JUBVPL**

1. Shri Suren Jain - Chairman
2. Shri R.K. Pandey – Non Executive Director
3. 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 Amit Sharma - Director
5. Shri S.D. Nailwal– Director
6. Shri Joginder Pal Sindwani – Chief Financial Officer

h) **Key Managerial Personnel of JAL**

1. Shri Jaiprakash Gaur, Director (w.e.f. 19.05.2018)
2. Shri Manoj Gaur- Executive Chairman & CEO
3. Shri Sunil Kumar Sharma – Executive Vice Chairman
4. Shri Suresh Chand Rathi, (LIC Nominee) (Resigned w.e.f. 30.08.2019)
5. Shri Raj Narayan Bhardwaj – Independent Director
6. Ms. Homai A. Daruwalla – Independent Director

7. Shri Kailash Nath Bhandari – Independent Director
8. Shri Satish Charan Kumar Patne – Independent Director
9. Shri Chandra Prakash Jain (Resigned w.e.f. 09.07.2019)
10. Shri Keshav Prasad Rau – Independent Director
11. Shri Tilak Raj Kakkar – Independent Director
12. Shri Sunny Gaur – Managing Director (Cement) (Resigned w.e.f. 04.07.2020)
13. Shri Pankaj Gaur – Joint Managing Director (Construction)
14. Shri Ranvijay Singh – Whole-time Director
15. Shri Ravindra Kumar Singh – Director (w.e.f. 23.12.2020)
16. Shri S.K. Thakral, CFO (Resigned w.e.f 31.05.2019)
17. Shri Ashok Soni, CFO (w.e.f 01.06.2019)
18. Shri M.M. Sibbal, Company Secretary

3. Financial Instrument

(i) Capital Management

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

Rs. In Lakhs

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Debt*	23,847	74,720
Cash and Bank Balance (including Cash and Bank Balances in a disposal group held for sale)	20,929	2,368
Net Debt	**2,918**	**72,352**
Total Debt + Equity	80,871	1,54,941
Net Debt to Equity Ratio	3.61%	46.70%

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

(ii) Categories of Financial Instruments

Rs. In Lakhs

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Financial Assets measured at Amortised Cost a) Cash and Cash Equivalent including Bank Balances	20,178	2,361
c) Other Financial Assets	11,918	6,493
d) Trade Receivable	29,160	1,33,210
Total	**61,256**	**1,42,064**

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Liabilities measured at Amortised Cost		
a) Non-Current Borrowing	7,862	11,627
b) Current Borrowing	4,110	52,365
b) Trade Payable	33,244	59,679
c) Other Financial Liability*	23,732	26,412
Total	**68,948**	**1,50,083**

* including current maturities of long-term debt

(iii) Fair Value Hierarchy

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

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

(iv) Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

-Credit risk

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

Trade receivables

The company sells urea and deals with the authorized agents only and has entered individual contract with them, meets the performance obligation when the urea reaches the dealer, sells at the government regulated price and recognizes the revenue on satisfying the said performance obligation.

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

Rs. In Lakhs

S.No	Particulars	As at March 31st, 2021	As at March 31st, 2020
1	FICC, GoI	28,149	1,23,184

Ageing analysis of trade receivables

Rs. In Lakhs

Age of Receivables	As at March 31st, 2021	As at March 31st, 2020
0-30 days	16,484	14,836
31-60 days	8,086	14,188
61-180 days	3,645	59,642
181 days & above	945	44,544

Cash and cash equivalents (including bank balances)

The Company held cash and cash equivalents of Rs. 20,178 Lakh(31 March 2020: Rs. 2,361 Lakh). The cash and cash equivalents are held with banks with high credit ratings.

Provision for expected credit losses

The company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. The company has customers (government utilities) with sufficient capacity to meet the obligations and therefore the risk of default is negligible or low. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

- Liquidity Risk

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

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

Default in repayment of Term Loan and interest thereon

The company has defaulted in repayment of principal and interest dues w.r.t loan from Yes Bank Limited.The detail is as under:

Rs. In Lakhs

Particulars	As At	Period of Delay					Total (Rs.)
		1-31 Days	32-60 Days	61-90 Days	91-180 Days	Above 180 Days	
Against Principal Amount							
Yes Bank Ltd – Term Loan	March 31, 2021	-	-	917		5,280	**6,197**

Rs. In Lakhs

Particulars	As At	Period of Delay					Total (Rs.)
		1-31 Days	32-60 Days	61-90 Days	91-180 Days	Above 180 Days	
Agaiust Interest Amount							
Yes Bank Ltd – Term Loan	March 31, 2021	102	112	111	217	1,394	**1,936**
Yes Bank Ltd - OD	March 31, 2021	13	15	15	29	146	**218**
Yes Bank Ltd - WCDL	March 31, 2021	24	26	25	49	289	**413**
Total		139	153	151	295	1,829	**2,567**

Note:

1. The above overdue amount of principal and interest default persisted on 31st March, 2021.
2. As requested by the Company, Yes Bank Limited has principally agreed to realign the existing outstanding Term Loan and Working Capital facilities to new facilities of Rs. 16,900 Lakh (Overdraft – Rs 4,000 Lakh, Term Loan 1 – Rs 11,000 Lakh and Facility Term Loan 1 – Rs 1,411 Lakh). While official NOC is awaited from existing members of consortium i.e. SBI,ICICI and IIFCL, YBL has obtained approval from its competent authority and has issued its Facility Letter No. YBL/DEL/FL/1513/2020-21 dated March, 27, 2021.

(i) Financing arrangements

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

Rs. In Lakhs

Particulars	**As at 31.03.2021**	**As at 31.03.2020**
Cash credit		
State Bank of India	-	39,909
ICICI Bank Ltd	-	8,346
Overdraft		
Yes Bank Ltd	4,110	4,110
Total	**4,110**	**52,365**

State Bank of India (SBI)reassessed the Working Capital requirement vide its Letter No. IFB/AMT-V/2020-21/299 dated 01.03.2021 and reduced the Fund Based limit from Rs.40,000 Lakh to Rs. 20,000 Lakh. Non-fund based limit has been maintained at Rs.8,000 Lakh. The other consortium lender for working capital facilities is ICICI Bank Limited with an exposure of Rs.9,800 Lakh (Fully interchangeable between funds and non funds based). As part of Aatmnirbhar 3.0 Stimulus, GoI has released INR 62,000 Crore for fertilizers subsidy to clear backlogs. The Company received multiple tranches of subsidy from Department of Fertilizers (DOF) in final quarter. The Company has cleared fund based working capital limits of Rs.48,800 Lakh as on 15.03.2021.

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

Liquidity and Interest Risk Tables

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

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

(ii) Maturities of financial liabilities

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

Rs. In Lakhs

Particulars	Weighted Average Effective Interest Rate (%)	Within 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
As at March 31, 2021						
Borrowing	13	15,984	7,913	-	23,897	23,847
Trade Payables	13	33,244	-	-	33,244	33,244
Other Financial Liabilities	13	10,700	-	2,045	12,745	11,857
Total		**59,928**	**7,913**	**2,045**	**69,886**	**68,948**
As at March 31, 2020						
Borrowing	13	63,093	11,698	-	74,791	74,720
Trade Payables	13	59,679	-	-	59,679	59,679
Other Financial Liabilities	13	14,537	-	2,131	16,668	15,684
Total		**1,37,309**	**11,698**	**2,131**	**1,51,138**	**1,50,083**

-Market risk

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

(v) Interest Rate Risk Management

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

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

Interest Rate Sensitivity Analysis

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

Rs. In Lakhs

Particulars	Interest Impact as at	
	March 31, 2021	March 31, 2020
If Increase by 50 Basis Point Impact on Profit or Loss for the year	(99)	(106)
Impact on Total Equity as at the end of the reporting period	(99)	(106)
If Decrease by 50 Basis Point Impact on Profit or Loss for the year	99	106
Impact on Total Equity as at the end of the reporting period	99	106

(vi) Deposits Liened With -

Rs. In Lakhs

S.No.	TDR No.	Date of Deposit	Amount Rs.	Authorities, Pledged With
1	37232660663	12-10-2020	175	State Bank of India against SBLC to GAIL (India) Ltd.
2	37024509915	18-07-2020	118	State Bank of India against SBLC to GAIL (India) Ltd.
3	32999387721	15-11-2020	11	State Bank of India against Railways Bank Guarantee for online freight payment.
4	33761290416	31-03-2021	676	State Bank of India against SBLC to GAIL (India) Ltd.
5	36448895508	16-06-2020	109	State Bank of India against BG in favour of President Officer, Labour Court
6	000714997318	23-03-2021	11	ICICI Bank Ltd. against Bank Guarantee to Sales Tax Authorities
7	000714358239	27-05-2018	2	ICICI Bank Ltd. against Bank Guarantee to Punjab VAT
8	000714425042	24-04-2020	740	ICICI bank Ltd. against BG to KESCO
9	32250645718	22-03-2021	1	State Bank of India against BG to Haryana VAT
10	32844977524	31-03-2018	4	State Bank of India UP Power Corporation Limited
11	34213211634	31-03-2018	15	State Bank of India UP Power Corporation Limited
12	34898624286	27-04-2020	134	State Bank of India, DSRA
13	36323846542	23-02-2021	5	State Bank of India, DSRA
14	35817636993	06-06-2020	374	State Bank of India, DSRA
	Total		**2,375**	

The total deposits of the Company as on 31.03.2021 are Rs. 16,289 Lakh. It includes fixed deposits of Rs. 13,914 Lakh which is not lien marked.

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 "40"
As per our report of even date attached to the Balance Sheet

For Ravi Rajan & Company LLP
Chartered Accountants
Registration No. 009073N

(Jayanth. A)
Partner
M. No. 231549

RAVI RAJAN & CO. LLP * New Delhi * Chartered Accountants

Place: Noida, UP
Dated : 19.06.2021

For and on behalf of the Board

(Manoj Gaur)
Chairman
DIN: 00008480

(Suman Lata)
Company Secretary
FCS-4394

(Sudhir Rana)
Chief Financial Officer

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