



**SHARMA VATS & ASSOCIATES**  
CHARTERED ACCOUNTANTS

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**Independent Auditor's Report**

**To the Members of  
Kanpur Fertilizers & Chemicals Limited**

**Opinion**

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

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

**Basis for Opinion**

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

**Key Audit Matters**

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

Sr. No.	Key Audit Matter	Auditor's Response
1.	Subsidy recognized as revenue and assessment of recovery of the amount due on account of Subsidy	Our procedures included the following:



	<p>i. During the FY 2022-23, company recognized the total subsidy of Rs. 2748.33 crores on sale of Urea, Natural Gas and Freight. Accuracy of revenue may deviate significantly because revision in the notified rates and change in final estimates w.r.t escalation/de-escalation of cost.</p> <p>ii. The subsidy due from Government of India at the end of FY 2022-23 stood at Rs. 424.29 crores. During the FY 2021-22, the company received Rs. 2169.03 crores as subsidy on account of urea, Freight and Gas. Given the size of amount of subsidy, the evaluation of fair value of subsidy receivable and its recovery involves assessment of the management in terms of time frame of recovery from FICC and thus requires significant audit attentions and forms a Key Audit Matter</p>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>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</li> </ol>
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		<p>rates/escalation or de-escalation in subsidy rates.</p> <p>6. Reviewed and tested the aging of the related receivables and assessed the information used by the management to determine the recoverability of subsidy receivable by considering historical collection trends and the level of credit loss charged over time.</p>
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**Information Other than the Financial Statements and Auditor’s Report Thereon**

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

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

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

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

**Responsibility of Management for the Financial Statements**

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

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



of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

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

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





Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

#### **Other Matters:**

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

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

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

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



## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) In our opinion and to the best of our information and according to the explanations given to us, remuneration has been paid by the Company to its directors during the year in accordance with the provisions of section 197 read with Schedule V to the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. - Refer Note 39 to the Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund



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

**For Sharma Vats & Associates**  
**Chartered Accountants**  
**Firm Registration No., 031486N**

(CA Manoj Kumar Vats)  
Partner

M.NO. 527922

Date- 06/05/2023

Place- New Delhi

UDIN- 23527922 B4XBWJ 5697



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Kanpur Fertilizers & Chemicals Limited** (“the Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditor’s Responsibility**

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

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

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





- (e) As informed, the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, therefore the Clause 3(i)(e) is not applicable.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the Management and no material discrepancies were noticed on such physical verification.
- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets and quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company. As at the year end, the company had surrendered working capital limit sanctioned in its name.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, made investments, given guarantees, and security, hence Clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public. Therefore, reporting under clause (v) of CARO is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the companies Act 2013. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Records and Audit) Rules 2014, as amended prescribed by the Central Government under sub section (1) of section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete. The cost audit report for the FY 2022-23 was yet to be concluded at the time of submission of our report.
- (vii) (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in



## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Sharma Vats & Associates**  
**Chartered Accountants**  
**Firm Registration No. 031486N**

(CA Manoj Kumar Vats)

**Partner**

**M.NO. 527922**

**Date-** 06/05/2023

**Place-** New Delhi

**UDIN-** 23527922BUXBNJ5697



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

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

(i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Intangible Assets.

(b) A substantial portion of the Property, Plant and Equipment have been physically verified by the management during the year and to the best of our knowledge and information given to us, no material discrepancies were identified on such verification.

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

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

(d) The Company has not revalued its properties, plant and equipment; therefore, the Clause 3(i)(d) is not applicable.



- (e) As informed, the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, therefore the Clause 3(i)(e) is not applicable.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the Management and no material discrepancies were noticed on such physical verification.
- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets and quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company. As at the year end, the company had surrendered working capital limit sanctioned in its name.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, made investments, given guarantees, and security, hence Clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public. Therefore, reporting under clause (v) of CARO is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the companies Act 2013. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Records and Audit) Rules 2014, as amended prescribed by the Central Government under sub section (1) of section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete. The cost audit report for the FY 2022-23 was yet to be concluded at the time of submission of our report.
- (vii) (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in





arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

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

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



(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

- (xi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xii) In our opinion, the Company is not a nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) Based on information and explanations given to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the financial Statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transaction with directors or person connected with him which is covered by Section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.
- (xvii) The company has not incurred cash loss during the current year as well as in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of



the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- b) There are no unspent amounts towards Corporate Social Responsibility (CSR). Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

**For Sharma Vats & Associates**  
**Chartered Accountants**  
**Firm Registration No. 031486N**

  
(CA Manoj Kumar Vats)

Partner

M.NO. 527922

Date- 06/05/2023

Place- New Delhi

UDIN- 23527922 B4XBNJ5697



**Kanpur Fertilizers & Chemicals Limited**  
**Balance Sheet as on 31st March,2023**

CIN : U24233UP2010PLC040828

( Rs. in Lakhs)

Particulars	Note No	As on 31st March,2023	As on 31st March,2022
<b>Assets</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	4	65,006	67,395
Capital Work in Progress	4.1	196	-
Financial Assets		-	-
Other Financial Assets	5	2,519	1,912
Other Non Current Assets	6	3,384	3,783
		<b>71,105</b>	<b>73,090</b>
<b>Current Assets</b>			
Inventories	7	10,448	5,837
Financial Assets		-	-
Trade Receivable	8	42,560	78,284
Cash and Cash Equivalents	9	13,045	5,459
Bank Balance other than above	10	10,442	1,013
Other Financial Assets	11	18,075	14,782
Other Current Assets	12	5,004	5,267
		<b>99,574</b>	<b>1,10,643</b>
		<b>1,70,679</b>	<b>1,83,733</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	13	35,246	34,346
Other Equity	14	46,508	45,717
		<b>81,754</b>	<b>80,063</b>
<b>Non Current Liabilities</b>			
Financial Liabilities		-	-
Borrowing	15	-	13,976
Other Financial Liabilities	16	1,484	1,420
Provisions	17	291	275
Deferred Tax Liabilities (Net)	18	3,145	1,777
		<b>4,920</b>	<b>17,449</b>
<b>Current Liabilities</b>			
Financial Liabilities		-	-
Borrowings	19	-	5,510
Trade payables	20	-	-
Total outstanding dues of other than MSME		70,312	56,848
Total outstanding dues of MSME		397	620
Other Financial Liabilities	21	9,881	22,204
Other Current Liabilities	22	2,802	853
Provisions	23	79	96
Current Tax Liabilities(Net)	24	534	90
		<b>84,005</b>	<b>86,221</b>
		<b>1,70,679</b>	<b>1,83,733</b>

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

"1" to "39"

For Sharma Vats & Associates  
Chartered Accountants  
Registration No. 031486N

(Manoj Kumar Vats)  
Partner  
M. No. 527922



Place: New Delhi  
Dated : 06.05.2023

For and on behalf of the Board

(Manoj Gaur)  
Chairman  
DIN: 00008480

(Ritu Gupta)  
Company Secretary  
ACS-20334

(Ramesh Chand Sharma)  
Jt. President & CFO

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



Kanpur Fertilizers & Chemicals Limited  
Profit and Loss for the Year Ended 31st March, 2023

(Rs. in Lakhs)

Particulars	Note No	Quarter Ended 31.03.2023 (Audited)	Quarter Ended 31.03.2022 (Audited)	Quarter Ended 31.12.2022 (Subject to LR)	Period ended 31.03.2023 (Audited)	Year Ended 31.03.2022 (Audited)
Revenue From Operations	25	69,657	72,368	86,244	3,19,841	2,58,798
Other Income	26	161	93	203	476	414
<b>Total Income</b>		<b>69,818</b>	<b>72,461</b>	<b>86,447</b>	<b>3,20,317</b>	<b>2,59,212</b>
<b>Expenses</b>						
Cost of Materials Consumed	27	50,273	49,200	64,212	2,44,139	1,77,419
Purchases of Stock-in-Trade	28	284	646	2,649	4,327	4,038
Changes in Inventories of Finished Goods & Work-in-Progress	29	(1,154)	1,745	1,373	(3,953)	1,298
Employee Benefits Expense	30	1,195	1,218	1,034	4,450	4,483
Finance costs	31	955	1,364	2,188	6,779	6,116
Depreciation and amortization Expense	32	1,786	2,790	1,820	7,225	8,264
Other expenses	33	15,256	15,037	12,436	53,318	56,445
<b>Total Expenses</b>		<b>68,595</b>	<b>72,000</b>	<b>85,712</b>	<b>3,16,285</b>	<b>2,58,063</b>
<b>Profit Before Exceptional Items and Tax</b>		<b>1,223</b>	<b>460</b>	<b>734</b>	<b>4,032</b>	<b>1,149</b>
Exceptional Items [Net]	34	(45)	17	(0)	(48)	(4)
<b>Profit Before Tax</b>		<b>1,268</b>	<b>443</b>	<b>734</b>	<b>4,080</b>	<b>1,153</b>
<b>Tax Expense:</b>						
(1) Current Tax	35	543	83	127	1,034	203
(2) Adjustment for prior periods Tax		-	-	-	-	-
(3) Mat Credit		52	(83)	313	-	(203)
(4) Deferred Tax		(189)	(1,627)	1,124	1,363	(953)
<b>Total Tax Expenses</b>		<b>406</b>	<b>(1,627)</b>	<b>1,564</b>	<b>2,397</b>	<b>(953)</b>
<b>Profit/(Loss) for the Period</b>		<b>862</b>	<b>2,070</b>	<b>(830)</b>	<b>1,682</b>	<b>2,106</b>
<b>Other Comprehensive Income</b>						
<b>Items that Will Not be Reclassified to Profit or Loss</b>						
Re-measurement gains/ (losses) on defined benefit plans (net)		7	2	(3)	14	6
Income Tax		(2)	(1)	1	(5)	(2)
<b>Total Other Comprehensive Income</b>		<b>4</b>	<b>1</b>	<b>(2)</b>	<b>9</b>	<b>4</b>
<b>Total Comprehensive Income for the</b>		<b>866</b>	<b>2,071</b>	<b>(831)</b>	<b>1,691</b>	<b>2,110</b>

Paid Up Equity Share Capital (Rs. In Cr.)		352	343	352	352	343
Face Value per share		10	10	10	10	10
Earnings per Equity Share	36					
(1) Basic		0.25	0.60	(0.24)	0.48	0.61
(2) Diluted		0.25	0.59	(0.24)	0.48	0.60

Summary of Significant Accounting Policies & Notes to the Financial Statements "1" to "39"

For Sharma Vats & Associates

Chartered Accountants

Registration No. 031486N

(Manoj Kumar Vats)  
Partner  
M. No. 527922



Place: New Delhi  
Dated : 06.05.2023

For and on behalf of the Board

(Manoj Gaur)  
Chairman  
DIN: 00008480

(Ritu Gupta)  
Company Secretary  
ACS-20334

(Ramesh Chand Sharma)  
Jr. President & CFO

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

Kanpur Fertilizers & Chemicals Limited  
Cash Flow Statement For The Year Ended 31st March, 2023

( Rs. in Lakhs)

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

Summary of Significant Accounting Policies &  
Notes to the Financial Statements

"1" to "39"

For Sharma Vats & Associates  
Chartered Accountants  
Registration No. 031486N

(Manoj Kumar Vats)  
Partner  
M. No. 527922



Place: New Delhi  
Dated : 06.05.2023

(Ritu Gupta)  
Company Secretary  
ACS-20334

For and on behalf of the Board

(Ramesh Chand Sharma)  
Jt. President & CFO

(Manoj Gaur)  
Chairman  
DIN: 0008480  
(Alok Gaur)  
Jt. MD & CEO  
DIN: 00112520

**Kanpur Fertilizers & Chemicals Limited**  
**Statement of Changes in Equity For the Year Ended 31st March, 2023**

Equity Particulars	(Amount in Lacs)
a. Equity share capital	
Balance as at 31st March, 2022	34,346
Equity Share Issued During the period	900
<b>Balance as at 31st March, 2023</b>	<b>35,246</b>

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

(Rs. in Lakhs)

"1" to "39"

Summary of Significant Accounting Policies & Notes to the Financial Statements

**For Sharma Vats & Associates**

Chartered Accountants

Registration No. 031486N



(Manoj Kumar Vats)  
Partner

M. No. 527922

Place: New Delhi

Dated : 06.05.2023

For and on behalf of the Board

(Manoj Gaur)  
Chairman

DIN: 00008480

(Ramesh Chand Sharma)

Jt. President & CFO

ACS-20334

(Ritu Gupta)

Company Secretary

ACS-20334

(Alok Gaur)

Jt. MD & CEO

DIN: 00112520



**Note No."1" Nature of Operations**

The Company was formed with one of its objectives to undertake the business in manufacturing, selling and trading of fertilizers and related activities. The Company is subsidiary of Jaypee Uttar Bharat Vikas Private Limited (JUBVPL).

The Company has 7,22,700 MT / Per Annum Urea manufacturing plant on approximately 243 Acres of land at Panki Industrial Area, Kanpur, U.P.

**Note No."2" Statement of compliance**

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

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

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

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

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

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



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A handwritten signature in blue ink, appearing to be "A. Sharma".



**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:



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

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

Freehold land is not depreciated.

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

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

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

#### **b. Intangible assets**

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is recognized on a straight line basis over their estimated useful life. The



amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates being accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

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

Computer Software is amortized over a period of 3 years.

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

### c. Inventories

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

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

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



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#### 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 supersedes the current revenue recognition standard Ind AS 18 Revenue & Ind AS 11 Construction Contracts. Prior to 1st April, 2018, the company was recognizing revenue based on Ind AS 18.

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

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

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

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

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

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



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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



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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.



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**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.



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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.



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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.



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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.



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**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.

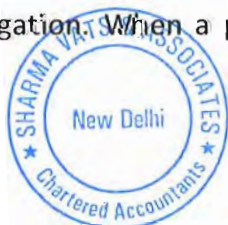
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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



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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:



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- 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



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customers. The company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored.

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

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

#### Impairment of financial assets

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

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

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

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.



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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



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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.



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**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:



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- 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.



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**De-recognition of financial liabilities**

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



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Kanpur Fertilizers & Chemicals Limited

Notes to the Financial Statements for the Year Ended 31st March, 2023

NOTE No. "4"

Property Plant & Equipment

Particulars	Lease hold land	Building	Plant & machinery	EDP machine	Furniture & fittings	Office equipments	AC & coolers	Refrig. & Water Cooler	Television/ Cinematography	Stores & spares	Vehicles	Total	(Rs. in Lakhs)					
													Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years		
<b>Gross Block</b>																		
As at 31st March, 2022	24,344	8,349	89,356	810	397	20	186	24	140	423	296	1,24,346						
Additions		4,787	66	83	7	-	7	12,203	0		17	4,967						
Disposals/Discard			268	17	4	-	4	5	17			314						
<b>As at 31st March, 2023</b>	<b>24,344</b>	<b>13,135</b>	<b>89,153</b>	<b>877</b>	<b>400</b>	<b>20</b>	<b>189</b>	<b>12,223</b>	<b>124</b>	<b>423</b>	<b>313</b>	<b>1,28,998</b>						
<b>Accumulated Depreciation</b>																		
As at 31st March, 2022	-	2,375	52,975	623	291	10	133	15	90	221	218	56,950						
Charge for the year		308	6,780	37	28	0	13	2	7		22	7,225						
Disposals/Discard			146	13	4	-	3	4	13			183						
<b>As at 31st March, 2023</b>	<b>-</b>	<b>2,683</b>	<b>59,609</b>	<b>647</b>	<b>315</b>	<b>11</b>	<b>142</b>	<b>12</b>	<b>84</b>	<b>249</b>	<b>240</b>	<b>63,992</b>						
<b>Net Block(As at 31st March, 2022)</b>	<b>24,344</b>	<b>5,974</b>	<b>36,381</b>	<b>188</b>	<b>106</b>	<b>9</b>	<b>53</b>	<b>10</b>	<b>50</b>	<b>202</b>	<b>78</b>	<b>67,395</b>						
<b>Net Block(As at 31st March, 2023)</b>	<b>24,344</b>	<b>10,453</b>	<b>29,543</b>	<b>230</b>	<b>85</b>	<b>9</b>	<b>47</b>	<b>8</b>	<b>40</b>	<b>174</b>	<b>73</b>	<b>65,006</b>						

NOTE No. "4.1"

Property Plant & Equipment

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Project in progress	196.00				196.00



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Particulars	As on 31st March, 2023	As on 31st March, 2022
<b>NOTE No. "5"</b>		
<b>Other Financial Assets</b>		
Bank Deposits With More Than 12 Months Maturity *	817	151
Security Deposit	1,615	1,609
Other Receivables	87	151
* Pledged as margin with banks against LC/BGs	2,519	1,912
<b>NOTE No. "6"</b>		
<b>Other Non-Current Assets</b>		
Prepaid Expenses	4	5
<b>Tax Assets (Net)</b>		
Advance Tax	724	724
Tax Deducted at Source	246	143
MAT Credit Entitlement	2,410	2,910
	3,384	3,783
<b>NOTE No. "7"</b>		
<b>Inventories</b>		
Raw Materials	809	222
Work in Progress	1,528	1,101
Finished Goods	479	596
Finished Goods In Transit	3,643	-
Stores & Spares	3,308	3,221
Catalyst	681	697
	10,448	5,837
<b>NOTE No. "8"</b>		
<b>Trade Receivables</b>		
Others (Unsecured, Considered Good)	43,123	78,847
Less : Provision for Bad & Doubtful Debts	563	563
	42,560	78,284

**Ageing analysis of trade receivables As on 31.03.2023**

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

**Ageing analysis of trade receivables As on 31.03.2022**

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

**NOTE No. "9"****Cash and Cash Equivalents**

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

**NOTE No. "10"****Other Bank Balances**

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

**NOTE No. "11"****Other Financial Assets**

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

**NOTE No. "12"****Other Current Assets**

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



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(Rs. in Lakhs)

NOTE No. "13" Share capital	As on 31st March, 2023	As on 31st March, 2022
<b>Authorised Share Capital</b>		
<b>Equity Share Capital</b>		
82,50,00,000 (Previous period 82,50,00,000) Shares of Rs. 10/- each	82,500	82,500
<b>Preference Share Capital</b>		
35,00,00,000 (Previous period 35,00,00,000) Convertible Preference Shares of Rs. 10/- each	35,000	35,000
2,50,00,000 (Previous period 2,50,00,000) Cumulative Redeemable Preference Shares of Rs. 10/- each	2,500	2,500
	<u>1,20,000</u>	<u>1,20,000</u>
<b>Issued, subscribed and paid up capital</b>		
<b>Equity Share Capital</b>		
35,24,57,225 (Previous period 34,34,57,225) Shares of Rs. 10/- each fully paid up	35,246	34,346
<b>Preference Share Capital</b>		
Nil (Previous period 90,00,000) Shares of Rs. 10/- each fully paid up	-	900

Details of Shareholders Having More than 5% Shares	% of Shares	As on 31st March, 2023	% of Shares	As on 31st March, 2022
<b>Equity Shares</b>				
Jaypee Uttar Bharat Vikas Private Limited	57%	20,00,50,000	58%	20,00,50,000
Jaypee Fertilizers & Industries Limited	36%	12,69,82,549	34%	11,79,82,549
Mahabhadra Constructions Limited (w.e.f 21.04.2020)	7%	2,50,00,000	7%	2,50,00,000
<b>Preference Shares</b>				
Jaypee Fertilizers & Industries Limited	-	-	100%	90,00,000

Details of Shares held by Promoters as on 31st March, 2023	As on 31st March, 2023			As on 31st March, 2022		
	No. of equity shares held	% of total shares	% Change during Year	No. of equity shares held	% of total shares	% Change during Year
<b>Equity Shares</b>						
Jaypee Uttar Bharat Vikas Private Limited (Inclusive of shares held by nominees)						
Opening Balance	20,00,50,000	56.76%	-	20,00,50,000	58.25%	-
Acquired/Converted during the year	-	-	-	-	-	-
Closing Balance	20,00,50,000	56.76%	-	20,00,50,000	58.25%	-
Jaypee Fertilizers & Industries Limited						
Opening Balance	11,79,82,549	33.48%	-	11,79,82,549	34.35%	-
Acquired/Converted during the year	90,00,000	2.55%	-	-	-	-
Closing Balance	12,69,82,549	36.03%	-	11,79,82,549	34.35%	-
Mahabhadra Constructions Limited						
Opening Balance	2,50,00,000	7.09%	-	2,50,00,000	7.28%	-
Acquired/Converted during the year	-	-	-	-	-	-
Closing Balance	2,50,00,000	7.09%	-	2,50,00,000	7.28%	-
<b>Preference Shares</b>						
Jaypee Fertilizers & Industries Limited						
Opening Balance	90,00,000	100%	-	90,00,000	100.00%	-
Acquired/Converted during the year	-90,00,000	100%	-	-	-	-
Closing Balance	-	-	-	90,00,000	100.00%	-

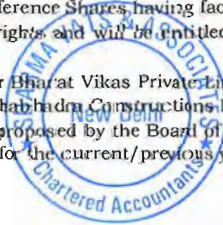
Reconciliation of No. of Shares Outstanding	As on 31st March, 2023	As on 31st March, 2022
<b>Equity Share</b>		
Equity Shares Outstanding at the Beginning of the Year	34,34,57,225	34,34,57,225
Equity Shares Issued During the Year	90,00,000	-
Outstanding at the End of the Year	<u>35,24,57,225</u>	<u>34,34,57,225</u>
<b>Preference Share</b>		
Preference Shares Outstanding at the Beginning of the Year	90,00,000	90,00,000
Preference Shares converted to Equity Shares During the Year	90,00,000	-
Outstanding at the End of the Year	<u>-</u>	<u>90,00,000</u>

**Equity Shares**

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

The Paid up Equity Share Capital of the Company is held by Jaypee Uttar Bharat Vikas Private Limited (Holding Company-56.76%) including 43,000 Equity Shares through its nominee, Jaypee Fertilizers & Industries Limited (36.03%), Mahabhadra Constructions Limited (7.09%) and Others (0.12%).

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



**Kanpur Fertilizers & Chemicals Limited**  
**Notes to the Financial Statements for the Year Ended 31st March, 2023**

**Preference Shares**

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

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



Particulars	As on 31st March, 2023	As on 31st March, 2022
<b>NOTE No. "15"</b>		
<b>Borrowings</b>		
<b>Secured</b>		
<b>Term Loans</b>		
From Banks - Yes Bank Ltd. (YBL).*	-	10,577
From Financial Institutions - India Infrastructure Finance Company Limited (IIFCL) (EIR - 13.18%)	-	3,399
		<u>13,976</u>

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

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

**NOTE No. "16"**

**Other Financial Liabilities**

Security and Other Deposits	1,484	1,420
	<u>1,484</u>	<u>1,420</u>

**NOTE No. "17"**

**Long Term Provisions**

**Provision for Employee Benefit**

Gratuity	168	163
Leave Encashment	123	112
	<u>291</u>	<u>275</u>

**NOTE No. "18"**

**Deferred Tax Assets**

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

**Deferred Tax Liabilities**

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

**Movement in deferred tax balances**

**31st March, 2023**

Particulars	Net Balance April 1, 2022	Recognised in P & L	Recognised in OCI	Net Balance Mar 31, 2023
Difference in WDV as per Income tax & WDV as per Co. Act 2013	(4,206)	931	-	(3,274)
Provision for Leave encashment ,Gratuity & Bonus	129	5	(5)	129
Brought Forward Losses & Unabsorbed Depreciation	2,299	(2,299)	-	-
<b>Net Deferred Tax Assets/(Liabilities)</b>	<u>(1,777)</u>	<u>(1,363)</u>	<u>(5)</u>	<u>(3,145)</u>

**31st March, 2022**

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

**NOTE No. "19"**

**Borrowings**

**From Banks (Secured)**

Yes Bank Ltd (YBL) - (Working Capital Loan)	-	3,480
		<u>3,480</u>

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

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

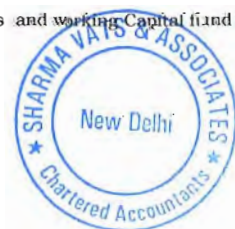
1. Yes Bank Limited (YBL) transferred its Overdraft/ WCDL facility to JC Flower Asset Reconstruction Pvt . Ltd. Vide Letter No. YBL/ SAM/ 22-23/ 670 Dated 27.12.2022.

2. The Company prepaid Overdraft/ WCDL facility of Rs. 35 Crore to J.C.Flower Asset Reconstruction Pvt Ltd.

**Working Capital Facilities**

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

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



Particulars	As on 31st March, 2023	As on 31st March, 2022
<b>NOTE No. "20"</b>		
<b>Trade Payables</b>		
Others	70,312	56,848
Micro Small Medium Enterprises	397	620
	<u>70,709</u>	<u>57,468</u>

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

a) Principal amount	397	620
b) Interest thereon	-	-
c) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
d) The amount of interest due and payable for the period of delay in making payment without adding the interest specified	Nil	Nil
e) The amount of interest accrued and remaining unpaid as at 31st March, 2023	Nil	Nil
f) The amount of interest remaining due and payable even in the succeeding years, until such date when the the interest is actually paid	Nil	Nil

**Ageing analysis of trade payable As on 31.03.2023**

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

**Ageing analysis of trade payable As on 31.03.2022**

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

**NOTE No. "21"**

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

**NOTE No. "22"****Other Current Liabilities**

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

**NOTE No. "23"****Provisions**

Gratuity	38	51
Leave Encashment	41	44
	<u>79</u>	<u>96</u>

**NOTE No. "24"****Current Tax Liability**

Provision for Income Tax	534	91
	<u>534</u>	<u>91</u>





Particulars	Quarter Ended 31.03.2023	Quarter Ended 31.03.2022	Quarter Ended 31.12.2022	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>NOTE No. "25"</b>					
<b>Revenue from Operation</b>					
<b>Sale of Products</b>					
Urea Sale	8,703	9,440	8,028	32,888	36,168
Govt Subsidy- Urea	58,386	66,557	73,167	2,74,833	2,00,943
GAIL Subsidy- Gas pool	-	(4,749)	-	-	15,960
Sale-Flyash	47	29	54	154	117
	67,136	71,277	81,249	3,07,875	2,53,188
<b>Other Operating Revenue</b>					
Sale -Traded Product	335	1,060	3,014	5,014	5,039
Ammonia Sale	2,185	32	1,980	6,952	571
	2,521	1,092	4,995	11,965	5,611
	69,657	72,368	86,244	3,19,841	2,58,798

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

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

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

**NOTE No. "26"**

**Other Income**

Interest Income (including fair value of financial liability at amortised cost)  
Foreign Exchange Gain (Net)  
Misc Receipts

Interest Income (including fair value of financial liability at amortised cost)	106	87	132	318	356
Foreign Exchange Gain (Net)	-	-	-	-	-
Misc Receipts	56	5	71	158	58
	161	93	203	476	414

**NOTE No. "27"**

**Cost of material Consumed**

Raw Materials Consumed  
Coal Consumed  
Bags Consumed

Raw Materials Consumed	46,936	46,842	60,763	2,31,056	1,69,430
Coal Consumed	2,535	1,653	2,735	10,175	5,338
Bags Consumed	802	706	714	2,908	2,651
	50,273	49,200	64,212	2,44,139	1,77,419

**NOTE No. "28"**

**Purchases of Stock-in-Trade**

Ammonia  
Wheat seed  
Calcium Nitrate  
Zyme  
Micro Nutrient  
Sulphur  
Zinc Sulphate  
City Compost  
Ferrous Sulphate  
Others



Ammonia	-	339	-	-	339
Wheat seed	-	-	2,206	2,206	1,806
Calcium Nitrate	-	13	-	-	58
Zyme	85	88	157	1,024	721
Micro Nutrient	110	75	127	556	461
Sulphur	55	100	72	211	374
Zinc Sulphate	1	4	7	24	47
City Compost	-	2	8	19	25
Ferrous Sulphate	27	13	37	195	142
Others	6	13	34	93	67
	284	646	2,649	4,327	4,038

*(Handwritten signatures)*

Particulars	Quarter Ended 31.03.2023	Quarter Ended 31.03.2022	Quarter Ended 31.12.2022	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>NOTE No. "29"</b>					
<b>Changes in Inventories of Finished Goods Work-in-Progress</b>					
<b>Opening Stock</b>					
Work-in-Progress	1,888	1,340	2,037	1,101	1,218
Finished Goods	2,608	2,102	3,832	596	1,777
	4,496	3,442	5,869	1,697	2,995
<b>Closing Stock</b>					
Work-in-Progress	1,528	1,101	1,888	1,528	1,101
Finished Goods	4,122	596	2,608	4,122	596
	5,650	1,697	4,496	5,650	1,697
	(1,154)	1,745	1,373	(3,953)	1,298
<b>NOTE No. "30"</b>					
<b>Employee Benefit Expense</b>					
Salaries and Wages	1,119	1,148	977	4,149	4,196
Contribution to Provident and Oth	48	53	48	195	205
Gratuity	24	15	6	76	66
Staff Welfare	4	3	3	30	15
	1,195	1,219	1,034	4,450	4,482
<b>NOTE No. "31"</b>					
<b>Finance Cost</b>					
Interest to Banks on Working Cap	83	772	54	296	1,102
Interest to Banks on Term Loan	199	(609)	422	1,445	1,087
Interest to Others	641	1,178	1,690	4,935	3,821
Financial Charges	32	23	22	103	104
	955	1,364	2,188	6,779	6,114
<b>NOTE No. "32"</b>					
<b>Depreciation and Amortization expense</b>					
Depreciation on Tangible Assets	1,786	2,790	1,820	7,225	8,264
	1,786	2,790	1,820	7,225	8,264
<b>NOTE No. "33"</b>					
<b>Other expenses</b>					
Repairs & Maintenance - Others	26	204	54	201	367
Electricity Charges	9,537	9,460	9,131	37,427	41,050
Store and Spares Consumed	483	1,991	472	2,127	3,297
Repairs & Maintenance - Plant	376	273	419	2,010	1,684
Directors' Meeting Fee	6	10	5	21	26
Insurance	58	59	63	250	374
Rates & Taxes	21	3	21	107	92
Loading & Unloading Charges	377	321	261	1,218	1,216
Travelling & Conveyance Expenses	66	57	60	245	218
Corporate Social Responsibility Vehicle Running & Hiring Charges	56	-	1	93	26
Freight & Octroi Expenses	62	59	61	244	240
	1,798	1,558	1,324	5,625	5,740
Advertising and Sales Promotion	1,320	66	45	1,440	201
Provision for doubtful debts, loans & Legal & Professional	-	563	-	-	563
Bank Charges & LC/BG Commission	722	180	273	1,161	414
Safety & Security	134	68	82	451	293
Horticulture and Gardening	105	81	69	321	284
Auditors Remuneration*	9	0	8	26	2
(*) please refer details below	10	10	5	25	24
Fair value of Financial Liability at amortised cost	28	26	28	110	103
Miscellaneous Expenses	64	49	53	217	230
	15,256	15,037	12,436	53,318	56,444



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Particulars	Quarter Ended 31.03.2023	Quarter Ended 31.03.2022	Quarter Ended 31.12.2022	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>NOTE No. "34"</b>					
<b>Exceptional Items (Net)</b>					
(Profit)/Loss on Retirement of					
Fixed Assets	(50)	-	-	(57)	-
Debit Balance Written Off	7	20	0	12	19
Creditor Bal. Written Back	(2)	(3)	(0)	(2)	(24)
	(45)	17	(0)	(48)	(5)

**(\* Auditors Remuneration**

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



## (a) Income Tax Expense

## i) Income tax recognised in statement of profit or loss

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

## ii) Income tax recognised in other comprehensive income

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

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

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

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



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**Kanpur Fertilizers & Chemicals Limited**  
**Notes to the Financial Statements for the Year Ended 31st March, 2023**

( Rs. in Lakhs)

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

**Basic and diluted earnings per share**

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



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

(i) Defined contribution plans:

**A. Provident fund**

The Company pays fixed contribution to provident fund to the appropriate authorities. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss. An amount of Rs. 2.05 crore (31 March 2021: Rs. 2.00 crore) for the year is recognised as expense on this account and charged to the Statement of Profit and Loss.

(ii) Defined Benefits plans:

**A. Gratuity-Funded**

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 31.03.2023	As at 31.03.2022
<b>Net defined benefit Obligation :</b>		
Gratuity (funded)	72	95
<b>Total</b>	<b>72</b>	<b>95</b>
(Rs. in Lakhs)		
<b>Total employee benefit obligation</b>	<b>As at 31.03.2023</b>	<b>As at 31.03.2022</b>
Non-current	168	163
Current	38	51
<b>Total</b>	<b>205</b>	<b>215</b>

**Movement in net defined benefit obligation for the year**

(Rs. in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Present Value of Obligation as at the beginning of Period	215	250
Interest Cost	15	17
Service Cost	34	36
Past service cost including curtailments Gains/Losses	-	-
Benefit Paid	(72)	(95)
Total Actuarial (Gains)/Loss on obligation	14	6
<b>Total Service Cost to be recognised in Statement of Profit &amp; Loss A/C</b>	<b>205</b>	<b>215</b>

**Included in OCI**

(Rs. in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Actuarial (Gains)/Loss arising from:		
Demographic assumptions	-	-
Financial Assumptions	(3)	(5)
Experience Adjustment	16	12
<b>Total Amount Recognised in OCI</b>	<b>14</b>	<b>6</b>

**D. Defined benefit obligations**

**i. Actuarial assumptions**

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

Particulars	As at 31.03.2023	As at 31.03.2022
Discount rate	7.36%	7.18%
Retirement Age	60	60
Mortality Rate inclusive of Provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)
<b>Withdrawal rate</b>		
Up to 30 Years	2%	2%
From 31 to 44	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	31.03.2023		31.03.2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(7)	7	(6)	7
<b>Expected return on plan assets (1% movement)</b>				
Gratuity				
Salary escalation rate (0.50% movement)	7	(7)	7	(7)

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

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

## E. Risk exposure

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

### a) Salary Increases

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

### b) Changes in discount rate

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

### c) Investment Risk

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

### c) Mortality & Disability

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

### c) Withdrawals

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

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

(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
<b>31 March 2023</b>							
Gratuity	38	22	19	9	10	9	99
<b>Total</b>	<b>38</b>	<b>22</b>	<b>19</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>99</b>

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

Particulars	As at 31.03.2023	As at 31.03.2022
Gratuity	13	13

## (iii) Other long term employee benefit plans

### Leave

The Company provides for earned leave benefit to the employees of the Company which accrue monthly and in some case annually on the first day of the year. Earned leave (EL) over and above fixed maximum number of days is encashed paid to employees while in service and balance at the time of retirement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of Rs. 1.41 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,2023****Note No. "38" Corporate social responsibilities expenses (CSR)**

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

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

**Amount spent during the year ended 31 March 2023:** ( Rs. in Lakhs)

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

**Amount spent during the year ended 31 March 2022:** ( Rs. in Lakhs)

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

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

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

Particulars	( Rs. in Lakhs)	
	For the year ended 31.03.2022	
1) For Covid-19 facility - Jaypee Healthcare	15	
2) For Covid-19 facility - Madhuraj Hospital, Kanpur	5	
3) For Promotion of Aganwadi center at Kanpur	3	
4) For Covid-19 facility - Jaypee Institute - SAI Advance	3	
<b>Total</b>	<b>26</b>	



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Note No. "39" 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 Transaction	Transaction During the year		Payment	Outstanding Balance as at	
			FY 2022-23	FY 2021-22	FY 2022-23	31st March, 2023	31st March 2022
Jaypee Fertilizers & Industries Limited	Holding Company	Reimbursement Towards Expenses	-	-	1	1,515	1,514
Jaypee Uttar Bharat Vikas Private Limited	Holding Company	Reimbursement Towards Expenses	-	-	-	1	1
Jaiprakash Associates Limited	Holding Company	Purchase of Power	-	11,573	4,428	16,143	13,154
		Cement Purchased	2	5			
		Assets Purchased	-	1,000			
		Flat & Land Purchased	696	-			
		Repairing Services	800	6			
		Repairing Services (HO)	12	13			
Himalayaputra Aviation Limited	Fellow Subsidiary Company	Helicopter & Aeroplane hire Charges	120	120	151	(12)	(23)
Jaypee Healthcare Limited	Fellow Subsidiary Company	CSR Activities	-	15	-	-	-
Mahabhadra Constructions Ltd	Associate Company	Security & Medical Manpower Services	274	239	310	(27)	(27)
		Sale of Service	-	-			
JIL Information Technology Ltd.	Associate Company	Manpower Supply	79	122	1,363	(27)	(37)
		Assets Purchased	65	1			
		Flat Purchased	1,191	-			
		Sale of Service	-	-			
Jaypee Cement Corporation Ltd.	Associate Company	Purchase of AC Sheets	5	2	305	300	-
Shri Sunny Gaur Ji		Flat Purchased	2,800	-	2,800	-	-
Gaur & Nagi Limited	Associate Company	Publishing Charges of Annual Report	1	0.33	1	(0.18)	(0.35)
<b>Total</b>						<b>17,893</b>	<b>14,582</b>

Receivable / Debit Balance of Related party as at 31st March, 2023	Amount (Rs. in Lakhs)
Jaypee Fertilizers & Industries Limited	1,515
Jaypee Uttar Bharat Vikas Private Limited	1
Jaiprakash Associates Limited	16,143
Jaypee Cement Corporation Ltd.	300
<b>Total</b>	<b>17,960</b>

Payable / Credit Balance of Related party as at 31st March, 2023	Amount (Rs. in Lakhs)
Himalayaputra Aviation Limited	(12)
JIL Information Technology Ltd.	(27)
Gaur & Nagi Limited	(0)
Mahabhadra Constructions Ltd	(27)
<b>Total</b>	<b>(66)</b>



*[Handwritten signature]*

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(Rs. in Lakhs)

Key Managerial Person	Relationship	Nature of Transaction	Transaction During the year		Outstanding Balance as at	
			FY 2022-23	FY 2021-22	31st March, 2023	31st March, 2022
Sudhir Rana***	CFO	<b>Short term employee benefit</b>				
		Salary	40	40	2	2
		Car Hire Charges	4	4	0	0
Ajit Kumar	Director	Advisory Fees	27	27	2	2
Devinder Singh Ahuja	Director	Advisory Fees	74	49	6	6
Suman Lata*	Company Secretary	<b>employee benefit</b>				
		Salary		21	-	-
		Car Hire Charges		3	-	-
		Encashment		1	-	-
		Gratuity		2	-	-
Ritu Gupta**	Company Secretary	<b>Short term employee benefit</b>				
		Salary	17	-	1	-
Alok Gaur	WTD & CEO	<b>Short term employee benefit</b>				
		Salary	109	112	6	6
			<b>272</b>	<b>259</b>		

\* Smt. Suman Lata – Company Secretary (Resigned w.e.f 15<sup>th</sup> February, 2022)

\*\* Ms. Ritu Gupta- Company Secretary (Appointed w.e.f 27<sup>th</sup> May, 2022)

\*\*\* Shri Sudhir Rana – Chief Financial Officer (Resigned w.e.f 31<sup>st</sup> March, 2023)



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

(Rs. In Lakhs)

Particulars	2022-23	2021-22
a) Claims against the Disputed Income Tax Liability (Including Tax) not acknowledged as Debt (Income Tax demand for the AY 12-13 on Bank Guarantee Commission is disputed and appeal has been filed with Commissioner Appeals against the order of DCIT - TDS. Regular assessments of AY 12-13 appeal with ITAT and AY 13-14 in appeal with CIT (Appeals).	328	328
b) Claims against the Disputed Goods and Service Tax liability (Including Tax) not acknowledged as Debt.	356	150
Amount deposited under protest.	12	12
c) Legal claims against Civil/Labour Court Cases	3,088	5333
d) Stamp Duty (U/s 47 of Stamp Act)	4,223	4,223
e) Outstanding Balances of Bank Guarantees	643	649
Margin Money deposited against the above	972	882
f) Outstanding Letters of Credit (including Foreign LCs)	9,000	8,000
Margin Money deposited against the above	9,008	1,001

**2. Related Party Disclosure**

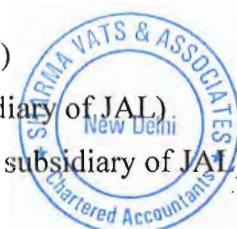
**Name of Related Party and Relationship**

**a) Holding Company**

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

**b) Fellow Subsidiary Companies  
Subsidiary Companies**

1. Jaypee Infratech Limited (subsidiary of JAL)
2. Bhilai Jaypee Cement Limited (JV subsidiary of JAL)
3. Himalyan Expressway Limited (wholly owned subsidiary of JAL)
4. Gujarat Jaypee Cement & Infrastructure Limited (JV subsidiary of JAL)



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

**c) Associate Companies:**

1. Mahabhadra Construction Limited (MCL) ((wholly owned subsidiary of Jaypee Infra Ventures Private Limited (JIVPL))
2. JIL Information Technology Limited (JILIT) (Subsidiary of JIVPL))
3. Gaur & Nagi Limited (wholly owned subsidiary of JILIT)

**d) Key Managerial Personnel**

1. Shri Manoj Gaur – Non Executive Chairman
2. Shri Alok Gaur – Joint Managing Director & CEO ( Appointed as Additional Director w.e.f 29<sup>th</sup> January, 2021 and Joint Managing Director & CEO w.e.f 1<sup>st</sup> February, 2021)
3. Ms. Sunita Joshi – Non Executive Director
4. Shri R.K. Pandey – Non Executive Director (Resigned w.e.f 1<sup>st</sup> August, 2022)
5. Shri S.D. Nailwal – Non Executive Director
6. Shri Ajit Kumar – Non Executive Director (Appointed w.e.f 29<sup>th</sup> January, 2021)
7. Shri Anil Mohan – Non Executive Director
8. Shri Satish Charan Kumar Patne – Independent Director (Ceased w.e.f.2<sup>nd</sup> May, 2023)
9. Shri K.V.Rajendran – Independent Director
10. Shri Devinder Singh Ahuja – Non Executive Director(Appointed w.e.f. 28<sup>th</sup> July, 2021)
11. Shri Narinder Kumar Grover – Additional Director (Independent) (Appointed w.e.f. 24<sup>th</sup> September, 2022)
12. Shri Vinod Sharma – Additional Director (Appointed w.e.f. 24<sup>th</sup> September, 2022)
13. Smt. Suman Lata – Company Secretary( Resigned w.e.f 15<sup>th</sup> February, 2022)
14. Ms. Ritu Gupta- Company Secretary (Appointed w.e.f 27<sup>th</sup> May, 2022)
15. Shri Sudhir Rana – Chief Financial Officer (Resigned w.e.f 31<sup>st</sup> March, 2023)
16. Shri R.C. Sharma– Chief Financial Officer (Appointed w.e.f 19<sup>th</sup> April, 2023)





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

1. Shri Sunny Gaur, Relative of Shri Manoj Gaur

**3. Financial Instrument**

**(i) Capital Management**

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

(Rs. In Lakhs)

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

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

**(ii) Categories of Financial Instruments**

(Rs. In Lakhs)

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

(Rs. In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Financial Liabilities measured at Amortised Cost</b>		
a) Non-Current Borrowing	-	13,976
b) Current Borrowing	-	3,480
b) Trade Payable	707,09	57,468
c) Other Financial Liability*	11,365	25,655
<b>Total</b>	<b>82,075</b>	<b>1,00,579</b>

\* 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 31 <sup>st</sup> , 2023	As at March 31 <sup>st</sup> , 2022
1	FICC, GoI	42,429	77,903

**Cash and cash equivalents (including bank balances)**

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

**Provision for expected credit losses**

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



**- Liquidity Risk**

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

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

*(i) Financing arrangements*

The company had access to the following working capital borrowing facilities at the end of the reporting period:  
(Rs. In Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Cash Credit</b>		
State Bank of India	-	-
ICICI Bank Ltd.	-	-
<b>Overdraft</b>		
Yes Bank Ltd.	-	3,480
<b>Total</b>	-	<b>3,480</b>

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

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

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

**Liquidity and Interest Risk Tables**

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

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



(ii) *Maturities of financial liabilities*

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

(Rs. In Lakhs)

Particulars	Weighted Average Effective Interest Rate (%)	Within 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
<b>As at March 31, 2023</b>						
Borrowing	13	-	-	-	-	-
Trade Payables	13	70,709	-	-	70,709	70,709
Other Financial Liabilities	13	9,881	-	1,484	11,365	11,365
<b>Total</b>		<b>80,590</b>	<b>0</b>	<b>1484</b>	<b>82,075</b>	<b>82,075</b>
<b>As at March 31, 2022</b>						
Borrowing	13	5,508	6,132	7,875	19,516	19,484
Trade Payables	13	57,468	-	-	57,468	57,468
Other Financial Liabilities	13	22,205	-	2,205	24,409	23,625
<b>Total</b>		<b>85,181</b>	<b>6,132</b>	<b>10,080</b>	<b>1,01,393</b>	<b>1,00,577</b>

**-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.

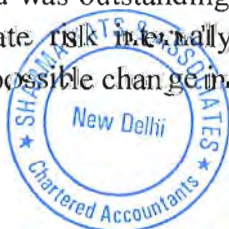
**(v) Interest Rate Risk Management**

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.





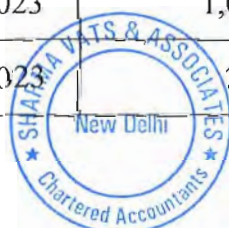
(Rs. In Lakhs)

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

**(vi) Deposits Lien With -**

(Rs. In Lakhs)

S.No.	TDR No.	Date of Deposit	Amount Rs.	Authorities, Pledged With
1	37232660663	13-10-2022	192	State Bank of India against SBLC to GAIL (India) Ltd.
2	37024509915	17-07-2022	129	State Bank of India against SBLC to GAIL (India) Ltd.
3	32999387721	31-03-2023	12	State Bank of India against Railways Bank Guarantee for online freight payment.
4	33761290416	31-03-2023	717	State Bank of India against SBLC to GAIL (India) Ltd.
5	36448895508	02-03-2022	118	State Bank of India against BG in favour of President Officer, Labour Court
6	000714997318	23-03-2021	11	ICICI Bank Ltd. against Bank Guarantee to Sales Tax Authorities
7	000714358239	28-05-2021	2	ICICI Bank Ltd. against Bank Guarantee to Punjab VAT
8	000714425042	24-04-2022	815	ICICI bank Ltd. against BG to KESCO
9	32250645718	31-03-2021	0	State Bank of India against BG to Haryana VAT
10	32844977524	26-02-2022	4	State Bank of India UP Power Corporation Limited
11	34213211634	18-03-2022	16	State Bank of India UP Power Corporation Limited
12	34898624286	28-04-2022	148	State Bank of India, DSRA
13	36323846542	16-02-2023	6	State Bank of India, DSRA
14	35817636993	06-06-2022	395	State Bank of India, DSRA
15	41794536575	30-03-2023	67	Railway BG
16	41794535640	30-03-2023	88	President Labour Court
17	41659143592	09-02-2023	1,000	State Bank of India against SBLC to GAIL (India) Ltd.
18	41670924773	14-02-2023	200	State Bank of India against SBLC to GAIL (India) Ltd.



*(Handwritten signatures)*

**KANPUR FERTILIZERS & CHEMICALS LIMITED**  
**NOTE No. "39" FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2023**

19	41794534840	30-03-2023	3,300	State Bank of India against SBLC to GAIL (India) Ltd.
20	41706914485	28-02-2023	2,504	State Bank of India against SBLC to GAIL (India) Ltd.
21	41711448676	01-03-2023	1,002	State Bank of India against SBLC to GAIL (India) Ltd.
22	41711449793	01-03-2023	1,002	State Bank of India against SBLC to GAIL (India) Ltd.
	<b>Total</b>		<b>11,808</b>	

Note: Out of the above FDR's of Rs.2165, lien has been released after 31.03.2023.  
The total deposits of the Company as on 31.03.2023 is Rs. 22,851.

**4. a) Ratios**

Particulars	<u>2022-23</u>	<u>2021-22</u>
<b>Current Ratio</b>		
Current Assets	99,575	1,10,643
Current Liabilities	84,006	86,222
<b>Ratio</b>	<b>1</b>	<b>1</b>
<b>%Change</b>	<b>7.63%</b>	

**Debt Equity Ratio**

Long Term Borrowings + Short Term Borrowings	0	19,486
Shareholders Funds	81,754	80,063
<b>Ratio</b>	<b>-</b>	<b>0</b>
<b>%Change</b>	<b>100.00%</b>	

**Remarks :** Change is due to Company repaid all its Borrowings during the financial year.

**Debt Service Coverage Ratio**

EBIDTA	18,083	15,533
Principal repayments of Long term borrowings & Interest	21,356	12,749
<b>Ratio</b>	<b>1</b>	<b>1</b>
<b>%Change</b>	<b>30.50%</b>	

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

**Return on Equity/ Investment Ratio**

Net Profit after Taxes	1,691	2,110
Shareholder's Equity	81,754	80,063
<b>Ratio</b>	<b>0</b>	<b>0</b>
<b>%Change</b>	<b>21.53%</b>	

**Inventory Turnover Ratio**

Sales	3,19,841	2,58,798
Average Inventory	8,143	6,512
<b>Ratio</b>	<b>39</b>	<b>40</b>
<b>%Change</b>	<b>1.16%</b>	



*(Handwritten signatures)*

**Trade Receivables Turnover Ratio**

Net Credit Sales	3,19,841	2,58,798
Avg Accounts Receivable	60,423	53,722
<b>Ratio</b>	<b>5</b>	<b>5</b>
<b>%Change</b>	<b>-9.88%</b>	

**Trade Payables Turnover Ratio**

Net Credit Purchases	70,709	57,468
Avg Trade Payables	64,088	45,356
<b>Ratio</b>	<b>1</b>	<b>1</b>
<b>%Change</b>	<b>12.92%</b>	

**Net Capital Turnover Ratio**

Net Sales	3,19,841	2,58,798
Working Capital (Current Assets- Current Liabilities)	15,569	24,421
<b>Ratio</b>	<b>21</b>	<b>11</b>
<b>%Change</b>	<b>-93.86%</b>	

**Remarks :** Change is due to reduction in current liabilities as Company repaid all its Borrowings.

**Net Profit Ratio**

Net Profit	1,691	2,110
Net Sales	3,19,841	2,58,798
<b>Ratio</b>	<b>0</b>	<b>0</b>
<b>%Change</b>	<b>35.17%</b>	

**Remarks :** Significant Change in Ratio is due to following reasons

1. Increase in Turnover
2. Decrease in Net Profit due to impact of Deferred Tax and MAT

**Return on Capital Employed**

Earning before Interest and Taxes	18,083	15,533
Capital Employed	80,770	91,817
<b>Ratio</b>	<b>22.39%</b>	<b>16.92%</b>
<b>%Change</b>	<b>-32.34%</b>	

**Remarks :** Significant Change in Ratio due to decrease in "Other Expenses".



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

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

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

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

- d) **Details of Benami Property held:**

The company does not hold any benami property.

- e) **Willful Defaulter:**

The company has not been termed as wilful defaulter.

- f) **Relationship with Struck off Companies:**

The company has not dealt with any struck off company.

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

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

- h) **Compliance with number of layers of companies:**

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

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

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





**k) Corporate Social Responsibility (CSR)**

- i) The company was not required to spent amount as CSR expenses during the FY 22-23.  
 ii) However, the company has incurred amount of Rs.93 (in Lakhs) as CSR expenses in FY 22-23.

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

**l) Details of Crypto Currency or Virtual Currency:**

The company has not dealt with crypto/virtual currency.

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

**Summary of Significant Accounting Policies &**

**Notes to the Financial Statements "1" to "39"**

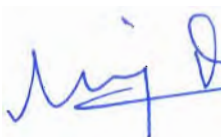

**As per our report of even date attached to the Balance Sheet**

**For Sharma vats & Associates**

**Chartered Accountants**

**Registration No.031486N**

**For and on behalf of the Board**

**(Manoj Kumar Vats)**

**Partner**

**M. No. 527922**



**(Manoj Gaur)**

**Chairman**

**DIN: 00008480**



**(Ritu Gupta)**

**Company Secretary**

**ACS – 20334**



**(Ramesh Chand Sharma)**

**Jt. President & CFO**



**(Alok Gaur)**

**Jt. MD & CEO**

**DIN: 00112520**

**Place: New Delhi**

**Dated : 06.05.2023**