

Annual Report 2014-15

KANPUR FERTILIZERS & CEMENT LIMITED



Board of Directors

Manoj Gaur, Chairman

A.K. Jain, Vice Chairman & CEO

Sunny Gaur

S.D.M. Nagpal

R.K. Pandey

Sunil Joshi

S.D. Nailwal

Ajay Sharma

S.C.K. Patne

K.C. Ganjwal

Sunita Joshi

Bankers/ Lenders

State Bank of India

ICICI Bank Limited

State Bank of Hyderabad

State Bank of Patiala

India Infrastructure Finance Company Limited

Company Secretary

Mahesh Mahani

Statutory Auditors

M/s. RRCA & Associates,
New Delhi

Internal Auditors

M/s. M.S. Pothal & Associates,
New Delhi

Cost Auditors

M/s. Kabra & Associates,
Cost Accountants, New Delhi

Secretarial Auditors

M/s. SGS Associates,
Practising Company Secretaries, New Delhi

Registrar & Transfer Agents

Alankit Assignments Limited,
Alankit House, 2E/21,
Jhandewalan Extn., New Delhi 110 055
Tel: 91-11-42541234, 23541234
Fax : 91-11-23552001
E-mail:info@alankit.com,
Website: alankit.com

Registered & Corporate Office

Sector-128, Distt. Gautam Buddh Nagar,
NOIDA-201 304, (U.P.)
Tel. 91-120-4609000
Fax: 91 – 120-4609496
CIN: U24233UP2010PLC040828
Website: www.jalindia.com

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NOTICE

Notice is hereby given that the **5th Annual General Meeting** of the Members of Kanpur Fertilizers & Cement Limited will be held on **Saturday, 31st October, 2015** at **12.00 Noon** at **Jaypee Public School**, Sector-128, NOIDA- 201304 (U.P.) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at **31st March, 2015**, the Statement of Profit & Loss for the year ended on that date alongwith the explanatory notes and the reports of the Directors and Auditors' thereon.
2. To appoint a Director in place of **Shri R.K. Pandey (DIN 00190017)**, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Shri S.D.M. Nagpal (DIN 00131037)**, who retires by rotation and, being eligible, offers himself for re-appointment.
4. **APPOINTMENT OF STATUTORY AUDITORS**

To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2015, **M/s. RRCA & Associates, New Delhi (Firm Registration No. 022107N)**, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company at such remuneration plus Service tax, out of pocket exp. etc. as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS

5. **RATIFICATION OF THE REMUNERATION OF COST AUDITORS**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 139, 142 and 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and re-enactment(s) thereof, for the time being in force), the remuneration payable to **M/s. Kabra & Associates, Cost Accountants, New Delhi (Firm Regn. No. 0075)** appointed by the Board of Directors to conduct the audit of the cost records of the Company relating to the product 'FERTILIZER' for the Financial Year 2015-16, as set out in the statement annexed to the Notice convening this meeting be and is hereby ratified."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **APPOINTMENT OF SHRI S.C.K. PATNE AS AN INDEPENDENT DIRECTOR**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 149, 150 and 152 of the Companies Act, 2013 (the Act) and other applicable provisions of the Act, the rules made thereunder read with Schedule IV to the Act, the Articles of Association of the Company and the recommendation of the Nomination and Remuneration Committee, **Shri S.C.K. Patne (DIN 00616104)**, who meets the criteria of independence as provided under Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Director for a term of 5 consecutive years w.e.f. 28.03.2015 and whose period of office shall not be liable to retire by rotation."

7. **APPOINTMENT OF SHRI K.C. GANJWAL AS AN INDEPENDENT DIRECTOR**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 149, 150 and 152 of the Companies Act, 2013 (the Act) and other applicable provisions of the Act, the rules made thereunder read with Schedule IV to the Act, the Articles of Association of the Company and the recommendation of the Nomination and Remuneration Committee, **Shri K.C. Ganjwal (DIN 03558443)**, who meets the criteria of independence as provided under Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Director for a term of 5 consecutive years w.e.f. 28.03.2015 and whose period of office shall not be liable to retire by rotation."

8. **APPOINTMENT OF Ms. SUNITA JOSHI AS DIRECTOR**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 149(1) and 152(2) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 **Ms. Sunita Joshi (DIN 00025720)** be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board
For Kanpur Fertilizers & Cement Limited

Mahesh Mahani
Company Secretary
Membership no. FCS- 3364

Place : Noida, U.P.
Date : 21st September, 2015

Kanpur Fertilizers & Cement Limited
Corporate Identity No. U24233UP2010PLC040828

Registered Office:
Sector -128, NOIDA (U.P.)-201304
Tel.: 120-4963100

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF THE COMPANY/BODY CORPORATE ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY AS APPLICABLE. A BLANK PROXY FORM IS ENCLOSED.

A PERSON CAN ACT AS THE PROXY ON BEHALF OF THE MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN THE AGGREGATE, 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY, CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL, CARRYING VOTING RIGHTS, MAY APPOINT A SINGLE PERSON AS THE PROXY AND SUCH PERSON SHALL NOT ACT AS THE PROXY OF ANY OTHER PERSON OR SHAREHOLDER.

2. Corporate member (s) intending to send their respective authorized representatives are requested to send a duly certified copy of the board resolution authorizing such representative to attend and vote at the Annual General Meeting.
3. Members/Proxies/Authorized Representatives are requested to bring their duly filled in attendance slip and quote their Folio no./ Client ID & DP- ID in all correspondence. A blank Attendance Slip for the meeting is enclosed.
4. In case of joint-holders attending the meeting, only such joint-holder who is higher in order of names will be entitled to vote.
5. The requisite statutory record alongwith all relevant documents referred to in the accompanying Notice is open for inspection by the members during 1100 hrs. to 1500 hrs. at the Registered Office of the Company on all working days upto the date of the meeting.
6. Relevant explanatory statements pursuant to Section 102 of the Companies Act, 2013 in respect of resolutions set out under Item nos. 5 to 8 are annexed hereto.
7. The Register of Members and Share Transfer Books will remain closed from Saturday, 24th October, 2015 to Saturday, 31st October, 2015 (both days inclusive) for the purpose of Annual General Meeting.
8. Any query relating to the Financial Statements must be sent to the Company's Registered Office at Sector-128, NOIDA (U.P.)-201304 so as to reach at least 07 days before the date of the Annual General Meeting. The envelope may please be superscribed "AGM Queries- Kind Attn. Shri Mahesh Mahani, Company Secretary."
9. Members who are holding shares in physical form are requested to notify the change, if any, in their address or bank details to the Company's Registrar and Transfer Agent (RTA) and always quote their folio number in all correspondence with the Company and RTA. In respect of holding shares in electronic form members are requested to notify the change in address or bank details to their respective Depository Participants.
10. Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization which besides others include easy liquidity (since trading is permitted only in dematerialized form), electronic transfer, savings in stamp duty, prevention of forgery etc.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in Electronics Form are, therefore requested to submit the PAN to their Depository Participants with which they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.
12. Members or their respective proxies are requested to:
 - (a) Bring copies of the Annual Report sent to the members as copies of the Annual Report shall not be distributed at the Annual General Meeting; and
 - (b) Note that no gifts/coupons shall be distributed at the Annual General Meeting.
13. Members who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communications including Annual Report, Notice and Circulars etc. from the Company electronically.
14. In terms of section 72 of the Companies Act, 2013, the members can avail of the nomination facility by nominating in Form SH.13, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014, any person to whom their shares shall vest on occurrence of events stated in the said Form. Blank Forms can be supplied on request.
15. The facility for voting through polling shall be made available at the AGM and the members attending the meeting shall be able to exercise right at the meeting through polling paper.

Explanatory Statements Pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 5

In terms of Section 148 of the Companies Act, 2013, the Companies (Cost Records and Audit) Rules, 2014 and the circulars issued thereto, the Company is required to appoint a Cost Auditor to conduct the audit of the cost records of the Company relating to the product 'FERTILIZER'.

The Board of Directors, in its meeting held on 25.05.2015 have appointed M/s. Kabra & Associates, Cost Accountants as the Cost Auditors of the Company for the Financial Year 2015-16 on the recommendation of the Audit Committee of the Board at a remuneration of Rs. 2,00,000/- (Rupees Two Lakh only) exclusive of applicable service tax and out-of-pocket expenses.

In terms of Section 141(3) of the Companies Act, 2013, certificate dated 15.04.2015 provided by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the registered office of the company and also at the meeting. As per Rule 14 of the Companies (Audit and Auditors) Rules 2014 and the Companies (Cost Records and Audit) Rules 2014, the remuneration of the Cost Auditors fixed by the Board of Directors shall be ratified by the members.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested in the resolution.

The Board commends the resolution for approval of the members as an Ordinary Resolution.

ITEM NO. 6 & 7

S/Sh. S.C.K. Patne and K.C. Ganjwal were co-opted as Additional Directors of the Company w.e.f. 28.03.2015 and pursuant to the

KANPUR FERTILIZERS & CEMENT LIMITED

provisions of Section 161 of the Act they hold office upto the date of the ensuing meeting.

The Board its meeting held on 28.03.2015 had also decided to appoint S/Sh. S.C.K. Patne and K.C. Ganjwal as Independent Directors, not liable to retire by rotation for a period of 5 consecutive years subject to the approval of the shareholders at the general meeting in terms of Sec. 149 of the Companies Act, 2013 and the rules framed thereunder, on the recommendation of the Nomination and Remuneration Committee and keeping in view their eligibility, relevant expertise and experience.

The Company in terms of Section 160 of the Act, has received separate notices in writing from the members of the Company intending to propose them as directors and signifying their candidature as directors, alongwith a deposit of Rs. 1,00,000/- (Rupees One Lakh) each.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested in the resolution.

The Board commends the resolution for the approval of the members as an Ordinary Resolution.

ITEM NO. 8

Ms. Sunita Joshi was co-opted as Additional Director of the Company w.e.f. 28.03.2015 and pursuant to the provisions of Section 161 of the Act. She holds office upto the date of the ensuing meeting.

In terms of the provisions of Section 149(1) of the Companies Act,

2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint one woman director on the board, who shall be liable to retire by rotation.

The Company in terms of Section 160 of the Act, has received a notice in writing from a member of the Company intending to propose her as director and signifying her candidature as director, alongwith a deposit of Rs. 1,00,000/- (Rupees One Lakh) each.

The Board in its meeting held on 28.03.2015, had decided to appoint Ms. Sunita Joshi as the woman director of the Company, subject to approval of the shareholders at the general meeting, on the recommendation of the Nomination and Remuneration Committee, in view her expertise and experience.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested in the resolution.

The Board commends the resolution for the approval of the members as an ordinary resolution.

By Order of the Board
For **Kanpur Fertilizers & Cement Limited**

Mahesh Mahani
Company Secretary
Membership no. FCS- 3364

Place : Noida, U.P.

Date : 21st September, 2015

DIRECTORS' REPORT

To,
The Members,

The Directors of your Company have pleasure in presenting their 5th Annual Report together with the Audited financial statement of accounts of the Company for the financial year ended 31st March, 2015.

1. FINANCIAL PERFORMANCE SUMMARY

The Financial results of the Company for the year under review are as under:

(Rs. in Crores)		
Financial Year ended	31.03.2015	31.03.2014
Gross Revenue	2,614.71	1,169.27
Profit before Interest, depreciation & Tax (EBITDA)	238.49	67.39
Profit before depreciation	71.80	6.08
Less-depreciation	52.78	0.94
Profit before Tax (PBT)	19.02	5.14
Less-Provision for Tax		
i) Current Tax	4.02	1.29
Less- Mat Credit	4.02	—
ii) Deferred Tax	6.39	0.12
Profit after Tax (PAT)	12.63	3.73
Earnings per Equity Share	0.63	0.19

(in MT)

Financial Year ended	31.03.2015	31.03.2014
Urea Production	6,41,488	3,13,378
Urea Sales	6,49,801	3,01,675

2. OVERALL PERFORMANCE OF THE FERTILIZER PLANT AT KANPUR AND THE STATE OF COMPANY'S AFFAIRS

As you are aware, the Company has been moving progressively towards implementation of its Scheme of Rehabilitation sanctioned by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dt.16.01.2012. The Company has so far spent a sum of Rs. 1,232 crore upto 31.03.2015 towards Capex (including Capital Advances) on its ongoing revamping, modernization and up gradation of the Fertilizer plant. The commercial operations at the plant commenced w.e.f. 01.06.2014 and all the 03 Urea and Ammonia streams, all the 04 bagging lines in bagging plant, 02 boilers having capacity of 70 TPH & 01 boiler with the capacity of 35 TPH and Hydrolyser stripper unit for treating nitrogenous effluent are operating satisfactorily whereas ETP plant is under commissioning and new AFBC boiler construction job is in progress.

The Company generated gross revenue of Rs. 2,614.71 crore during the financial year 2014-15 as compared to Rs. 1,169.27 crore in the previous financial year. During the year under review, the Company's Urea production stood at 6,41,488 MT and sales at 6,49,801 MT as compared to the production of 3,13,378 MT and sales of 3,01,675 MT during 2013-14. The Net Profit during the financial year 2014-15 was at Rs. 12.63 crore as compared to Rs. 3.73 crore in financial year 2013-14 translating to basic earning per equity share at Rs. 0.63 for the financial year 2014-15 as against Rs. 0.19 in financial year 2013-14.

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there is no change in the nature of business of the Company.

4. DIVIDEND

To augment the resources of the Company's business and as a matter of prudence, the Board of Directors have not recommended/declared any dividend.

5. TRANSFER TO RESERVES

The Company doesn't intend to transfer any amount to Reserves rather proposes to carry forward the profits to the next year.

6. CHANGES IN SHARE CAPITAL

The total paid up share capital and the equity paid-up share capital of the Company as on 31.03.2015 is Rs. 308,95,72,250/- and Rs. 200,58,22,250/- respectively. During the period under review, your Company has not issued any shares with differential rights, sweat equity shares and equity shares under Employees Stock option Scheme. Your Company has not bought back its own shares during this period.

7. SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

Jaypee Uttar Bharat Vikas Pvt. Ltd. is the Holding company of your Company and since your Company does not have any Subsidiary or Joint Venture Company, the report on their performance is NIL. However, list of Associate companies of the Company is detailed in the Notes to the Auditor's Report/ Balance Sheet.

8. NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the year under review, M/s. Think Different Enterprises Pvt. Ltd. has been added as Associate company, whereas M/s. Bokaro Jaypee Cement Ltd. ceases to be the Associate company to your Company. Apart from this, there is no change in the status of the Associate Companies of your Company.

9. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013, 'Extract of the Annual Return' for the financial year ended 31st March, 2015 made under provisions of Section 92(3) of the Act in the prescribed Form MGT-9 is annexed as Annexure-I.

10. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2014-15, your Board met for 05 times on 23.05.2014, 07.06.2014, 06.09.2014, 08.12.2014 and 28.03.2014 and the intervening gap between two consecutive meetings was not more than the period prescribed under the Companies Act, 2013.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the period under review, the following Directors/Key Managerial Personnel were appointed/resigned:

Sh. V.K. Sharma, Managing Director tendered his resignation due to his personal reasons w.e.f. 24.04.2015, which was duly accepted by the Board.

Sh. A.K. Jain, Director was appointed as Vice-Chairman w.e.f. 24.04.2015 and C.E.O. of the Company w.e.f. 25.05.2015.

Pursuant to the relevant provisions of the Companies Act, 2013, the required number of (02) independent directors viz. S/Sh. S.C.K. Patne and K.C. Ganjwal, Ms. Sunita Joshi as woman director, Sh. Mahesh Mahani as Company Secretary and Sh. Sudhir Rana as Chief Financial Officer were appointed whereas CSR Committee, Nomination & Remuneration Committee,

Audit Committee and establishment of Vigil Management were constituted/re-constituted.

S/Sh. R.K. Pandey and S.D.M. Nagpal, Directors are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

12. DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

All the Independent Directors have provided declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company presents a detailed landscape of all related party transactions before the Audit Committee, specifying the nature, value and terms and conditions of the transactions. All the transactions with related parties were reviewed and approved by the Audit Committee. Transactions with related parties are conducted in a transparent manner keeping the interest of the Company and stakeholders at utmost priority. The Company has framed a policy on Related Party Transaction for the purpose of identification and monitoring of such transactions.

Since during the year under review, all the transactions entered with related parties were in ordinary course of business and on arm's lengths basis and do not attract the provisions of section 188 of the Companies Act, 2013 read with the rules framed thereunder, the particulars required to be disclosed pursuant to Rule 8(2) of the Companies (Accounts) Rules, 2014, in prescribed Form AOC-2 are thus not applicable to the Company.

14. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITIONS

There have been no material changes and commitments in terms of Section 134(3)(l) of the Companies Act, 2013 thereby affecting the financial position of the Company which have occurred between the end of the financial year 2014-15 to which the financial statements relate and the date of the report.

15. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014, as amended is given below:

Name of employee, designation/ nature of duties, gross remuneration (Rs.), qualification, age (in yrs.), total experience (in yrs.), date of commencement of employment, previous employment, Percentage of Equity shares held in the Company:

A. Employed throughout the year and in receipt of remuneration aggregating Rs. 60,00,000/- or more

Sh. V.K. Sharma, Managing Director, Rs. 1,01,64,000/-, B.E. (Electrical Engineering), 62, 38, 24th February, 2011, National Fertilizers Limited, -NIL-

B. Employed for part of the year and in receipt of remuneration aggregating Rs. 5,00,000/- or more per month.

-----None----

Notes:

- Gross remuneration includes Salary, House Rent Allowance and Other perks like Medical Reimbursement, Leave Travel Assistance, Furnishing Allowance, Company's contribution towards Provident Fund etc. but excludes provision for Gratuity & Leave Encashment.

- None of the above employees is related to any Director or Key Managerial Personnel or their respective relatives.

16. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators/Courts which may impact the going concern status of the Company and its future operations.

17. AUDITORS' REPORT

The Auditors' Report to the shareholders on the Accounts of the Company for the Financial Year ended 31st March, 2015 does not contain any qualifications, reservations and adverse remarks. The observations of Auditors' and Notes to the financial statements are self-explanatory.

18. STATUTORY AUDITORS

During the year, casual vacancy caused in the office of the statutory auditors of the Company due to the resignation of M/s Awatar & Co., Chartered Accountants which was required to be filled-up within 30 days. The Board, on the recommendations of the Audit Committee appointed M/s. RRCA & Associates, Chartered Accountants, New Delhi (Firm Registration No. 022107N) as Statutory Auditors of the Company for the remaining period of the Financial Year 2014-15, to hold the office until the conclusion of the ensuing Annual General Meeting.

19. COST AUDITORS

On the recommendations of the Audit Committee, the Board of Directors of the Company has re-appointed, M/s. Kabra & Associates, Cost Accountants (Firm Registration no. 0075), New Delhi as Cost Auditors for auditing the cost records relating to the product 'Fertilizer' of the Company, for the Financial Year 2015-16, subject to the ratification of their remuneration by the shareholders of the Company. However, there are no qualifications, reservations or adverse remarks in the Cost Audit Report for the financial year 2014-15.

20. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and on the recommendations of the Audit Committee, M/s. SGS Associates, New Delhi have been re-appointed as the Secretarial Auditors by the Board of Directors of the Company, to carry out the Secretarial Audit of the Company for the Financial Year 2015-16.

Secretarial Audit Report for the financial year ended on 31st March, 2015, issued by M/s. SGS Associates, Company Secretaries, in form MR-3 forms part of this report and marked as Annexure-II.

The said report does not contain any qualification or observation requiring explanation or comments from Board under section 134(3)(f)(ii) of the Companies Act, 2013.

21. FIXED DEPOSITS

The Company has neither invited, nor accepted or renewed any deposit during the period under report within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 made there under.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/s. 186

The Company has not given any loan, guarantees provided any security and made any investments as prescribed u/s. 186 of the Companies Act, 2013 except as a Security Deposit with Govt. & Public Bodies and Others aggregating to Rs. 52 Lakhs.

23. RISK MANAGEMENT

The Company has developed and implemented a Risk Management Policy which inter-alia:

- defines framework for identification, assessment, monitoring, mitigation and reporting of risks and
- ensures that all the current and future risk exposures are identified, assessed, quantified, appropriately mitigated, minimized, managed and critical risks which impact the achievement of Company's objective or threatens its existence are periodically reviewed.

24. DISCLOSURE ON CORPORATE SOCIAL RESPONSIBILITY

Details about the Policy developed & implemented:

Pursuant to Section 135 of the Companies Act, 2013, during the year under review, the Company constituted a 'Corporate Social Responsibility Committee (CSR Committee)' of the Board. The present composition of the Corporate Social Responsibility Committee is as under:

S.No.	Name	Designation
1	Shri A.K. Jain	Chairman
2	Shri S.C.K. Patne	Member
3	Ms. Sunita Joshi	Member

Based on the recommendations of the Corporate Social Responsibility (CSR) Committee, the Corporate Social Responsibility Policy was approved by the Board for spending upto 2% of the average net profits of the Company made during the immediate preceding three financial years on the activities/projects, as approved by the Board.

Corporate Social Responsibility initiatives:

Due to financial constraints and mainly to augment the resources for the Company's future business, the Company has yet to undertake projects in the areas of promoting education, employment oriented vocational training, healthcare, rural area development, empowerment of women, environment sustainability etc. as part of the initiatives under 'Corporate Social Responsibility (CSR)', during the year under review. The same are proposed to be undertaken through the Jaypee Group's philanthropic arm Jaypee Seva Sansthan. These projects are in accordance with the activities covered under **schedule VII** of the Companies Act, 2013.

The requisite disclosure of CSR activities carried out during the year under review containing the particulars as required to be disclosed in terms of Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Accounts) Rules, 2014 may be treated as NIL.

25. COMMITTEES OF THE BOARD

a). Audit Committee

During the financial year under review, the Company re-constituted and re-defined the scope of the Audit Committee of the Board to comply with the requirement of Section 177 of the Companies Act, 2013 read with Rules framed thereunder. The present composition of the Audit Committee is as under:

S. No.	Name	Designation
1	Shri S.C.K. Patne	Chairman
2	Shri K. C. Ganjwal	Member
3	Shri R.K. Pandey	Member

b). Nomination and Remuneration Committee

During the year under review, Remuneration Committee was renamed as Nomination and Remuneration Committee. It

was re-constituted and scope was re-defined to comply with the requirements of Section 178 of the Companies Act, 2013 read with Rules framed thereunder. The present composition of the Nomination and Remuneration Committee is as under:

S. No.	Name	Designation
1	Shri K. C. Ganjwal	Chairman
2	Shri S.C.K. Patne	Member
3	Shri S.D.M. Nagpal	Member

26. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of Section 178(3) of the Companies Act, 2013 read with Rules framed thereunder, your Company has formulated a Policy which, inter-alia, enumerates appointment and remuneration of the Directors, Key Managerial Personnel and other employees including the criteria for determining qualifications, positive attributes, independence of a director and other matters as provided therein.

The said 'Nomination and Remuneration Policy' is annexed as **Annexure- III**.

27. MANNER OF EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In order to ensure effectiveness of the Board governance, the Companies Act, 2013 requires a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.

The mechanism to evaluate the performance, as per the statutory requirement, was considered and adopted by the Board, based on the recommendation of the Nomination and Remuneration Committee.

In order to do the evaluation, structured questionnaires/ performance evaluations forms were considered by the Board for evaluating itself, its Committees and individual Directors which were broadly based on certain specific parameters. The Directors expressed overall satisfaction on the evaluation process.

28. ESTABLISHMENT OF VIGIL MECHANISM

In terms of Section 177(9) of the Companies Act, 2014 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014, your Company has formulated and established a vigil mechanism for its directors and employees to report genuine concerns. Company's vigil mechanism is in the form of 'Whistle Blower Policy'.

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

This policy provides a platform to the Directors and employees of the company to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. It also provides the mechanism for stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

Company's vigil mechanism provides adequate safeguards against the victimization of employees and directors who wish to avail the vigil mechanism to deal with the instance of fraud, mismanagement, unethical behaviour, if any. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.

29. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013, the Directors, based on the representation received from the operating management, certification by the C.F.O. and after due enquiry, confirm in respect of the audited annual accounts for the year ended 31st March' 2015:

- that in the preparation of the Annual Accounts, the applicable accounting standards had been followed and that there were no material departures;
- that the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March' 2015 and the profit of the Company for that period;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors had prepared the Annual Accounts on a going concern basis.

30. ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Internal Financial Control with reference to financial statements as designed and implemented by the Company are adequate. The Company monitors and ensures efficient communication between its site and corporate office, efficiently manages the information system and reviews the IT systems, ensures accurate and timely recording of transactions, stringently checks the compliance with prevailing statutes, management policies and procedures in addition to securing adherence to applicable accounting standards and policies. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for in-sufficiency or in-adequacy of such controls.

31. CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under Section 134 of the Companies Act, 2013 read with Rule (8) of the Companies (Accounts) Rules, 2014 is as under:

Conservation of Energy

In order to save and conserve energy, the company has made several modifications/operational adjustments in Ammonia plants, as detailed below, resulting in improved energy efficiency:

Provision of radial flow basket in HT shift convertors; skimming of Primary Reformer & Secondary Reformer catalyst; Replacement of ceramic packing in CO₂ Absorber & Regenerator with SS pall rings; replacement of Ammonia recovery Absorbers packing with SS pall rings/intalox saddles and Rectification of Methanator inlet valves has resulted in reduction in pressure drop & improved Ammonia recovery.

Based on aforesaid measures, Overall plant pressure drop has reduced by about 04 Kg/cm² allowing higher plant throughputs and increased steam availability for export by about 10 TPH at 100% plant load.

FOREIGN EXCHANGE EARNINGS & OUTGO

Further, there had been no foreign exchange earnings during the year. Particulars of Foreign Exchange Outgo are given in

note 2.27(iv)(c) of Notes to the financial statements for the year ended 31st March'2015.

32. PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, a statement showing the number of complaints filed during the financial year and the number of complaints pending as on the end of the financial year is shown as under:

Category	No. of complaints pending at the beginning of FY	No. of complaints filed during the FY	No of complaints pending as on end of FY
Sexual harassment	Nil	Nil	Nil

33. ACKNOWLEDGEMENT

The Directors express their gratitude for the valuable support extended by Government of Uttar Pradesh, Board for Industrial & Financial Reconstruction (BIFR), Department of Chemicals & Fertilizers (MOF), Kanpur Electricity Supply Co. Ltd., GAIL (India) Limited, Indian Oil Corporation Ltd., Bankers, various departments of Central and the State Government and other authorities for their valuable and continued co-operation & support to the Company. The Board would also like to place on record its appreciation to the hard work, commitment and unstinting efforts for revival of the Fertilizer plant at Kanpur put in by the employees of all levels.

For and on behalf of the Board

Manoj Gaur
Chairman
(DIN 00008480)

Place : Noida, U.P.

Date : 25.05.2015

ANNEXURES TO THE BOARDS' REPORT

Annexure-I

FORM NO. MGT – 9

Extract of Annual Return as on the Financial Year ended on 31st March, 2015

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies

(Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:-

CIN	U24233UP2010PLC040828
Registration Date	31.05.2010
Name of the Company	Kanpur Fertilizers & Cement Ltd.
Category/Sub-Category of the Company	Company Limited by Shares
Address of the Registered office and contact details	Sector- 128, NOIDA- 201304, U.P.
Whether Listed Company	No
Name, Address and Contact Details of Registrar and Transfer Agent, if any	Alankit Assignments Limited Alankit House, 2E/21 Jhandewalan Extn. New Delhi 110 055 Tel: 91-11-42541234, 23541234 Fax : 91-11-23552001 E-mail:info@alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and description of main products/services	NIC Code of the Product/service	% age to total turnover of the Company
1.	To carry on the business of manufacturers, importers, sellers, distributors, dealers, agents, merchants and preparers of all classes and kinds of fertilizers and urea and all classes and kinds of chemicals required in the manufacture of any kind of fertilizers and chemicals and to carry on any operation or processes of mixing granulating different chemicals and fertilizers.	20121	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1.	Jaypee Uttar Bharat Vikas Pvt. Ltd.	U24233UP2010PTC040827	Holding	68.76	2(46)

IV) SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)
i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year i.e 01.04.2014				No. of Shares held at the end of the year i.e. 31.03.2015				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A) Promoters									
1) Indian									
a) Individual/ HUF*	—	50,000	50,000	0.02	—	50,000	50,000	0.02	0.00
b) Central Government	—	—	—	0.00	—	—	—	—	0.00
c) State Government(s)	—	—	—	0.00	—	—	—	0.00	0.00
d) Bodies Corporation	200,107,549	—	200,107,549	99.76	200,107,549	—	200,107,549	99.76	0.00
e) Banks/FI	—	—	—	0.00	—	—	—	0.00	0.00
f) Any other (specify) - Trusts - Wherein Company is Beneficiary*	—	—	—	0.00	—	—	—	0.00	0.00
Sub-total (A) (1):-	200,107,549	50,000	200,157,549	99.79	200,107,549	50,000	200,157,549	99.79	0.00
2) Foreign									
a) NRIs - Individuals	—	—	—	0.00	—	—	—	—	0.00
b) Other-Individuals	—	—	—	0.00	—	—	—	—	0.00
c) Bodies Corporation	—	—	—	0.00	—	—	—	—	0.00
d) Banks/FI	—	—	—	0.00	—	—	—	—	0.00
e) Any other	—	—	—	0.00	—	—	—	—	0.00
Sub-total (A) (2):-	—	—	—	0.00	—	—	—	—	0.00
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	200,107,549	50,000	200,157,549	99.79	200,107,549	50,000	200,157,549	99.79	0.00
B) Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	0.00	—	—	—	0.00	0.00
b) Banks/FI	233	5,500	5,733	0.00	233	5,500	5,733	0.00	0.00
c) Central Government	13,479	—	13,479	0.00	13,479	—	13,479	3.32	3.32
d) State Government (s)	—	—	—	0.00	—	—	—	0.00	0.00
e) Venture Capital Funds	—	—	—	0.00	—	—	—	0.00	0.00
f) Insurance Companies	—	—	—	0.00	—	—	—	0.00	0.00
g) FIs	—	—	—	0.00	—	—	—	0.00	0.00
h) Foreign Venture Capital Funds	—	—	—	0.00	—	—	—	0.00	0.00
i) Others (specify)	—	—	—	0.00	—	—	—	0.00	0.00
Sub-total(B)(1):-	13,712	5,500	19,212	0.01	13,712	5,500	19,212	0.01	0.00

KANPUR FERTILIZERS & CEMENT LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year i.e 01.04.2014				No. of Shares held at the end of the year i.e. 31.03.2015				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non-Institutions									
a) Bodies Corporation	—	—	—	0.00	—	—	—	0.00	0.00
i) Indian	277,697	27,515	305,212	0.15	277,697	27,515	305,212	0.15	0.00
ii) Overseas	—	—	—	0.00	—	—	—	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	97,442	1,020	98,462	0.05	97,442	1,020	98,462	0.05	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	—	—	—	0.00	—	—	—	0.00	—
c) Others (specify)									
i) Non Resident Indians	859	—	859	0.00	859	—	859	0.00	0.00
ii) Trusts	931	—	931	0.00	931	—	931	0.00	0.00
iii) OCB	—	—	—	0.00	—	—	—	0.00	0.00
iv) Foreign Body Corporate	—	—	—	0.00	—	—	—	0.00	0.00
v) Clearing Members & in transit	—	—	—	0.00	—	—	—	0.00	0.00
Sub-total(B)(2):-	376,929	28,535	405,464	0.20	376,929	28,535	405,464	0.20	—
Total public shareholding (B) = (B)(1)+(B)(2)	390,641	34,035	424,676	0.21	390,641	34,035	424,676	0.21	0.00
C) Shares held by Custodian for GDRs & ADRs	—	—	—	0.00	—	—	—	0.00	0.00
Grand Total (A + B + C)	200,498,190	84,035	200,582,225	100.00	200,498,190	84,035	200,582,225	100.00	0.00

* Beneficial owner is Jaypee Uttar Bharat Vikas Private Limited

ii) Shareholding of Promoters

Sl. No	Shareholders's Name	Shareholding at the beginning of the year i.e.1.04.2014			Shareholding at the end of the year i.e. 31.03.2015			% change in shareholding during the year (of their respective shareholding)
		No. of shares	% of total shares of the Company	% of Shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares pledged/encumbered to total shares	
1	Jaypee Uttar Bharat Vikas Private Limited	200,000,000	99.92	—	200,000,000	99.92	—	—
2	Jaypee Fertilizers & Industries Limited	107,549	0.05	—	107,549	0.05	—	—
3	Shri Manoj Gaur*	8,000	0.00	—	8,000	0.00	—	—
4	Shri Suren Jain*	7,000	0.00	—	7,000	0.00	—	—
5	Shri Sameer Gaur*	7,000	0.00	—	7,000	0.00	—	—
6	Shri S.D Nailwal*	7,000	0.00	—	7,000	0.00	—	—
7	Shri Harish K. Vaid*	7,000	0.00	—	7,000	0.00	—	—
8	Shri Raj Sunder Kucchal*	7,000	0.00	—	7,000	0.00	—	—
9	Shri Manmohan Sibbal*	7,000	0.00	—	7,000	0.00	—	—
	Total	200,157,549	100	0.00	200,157,549	100	0.00	—

* Beneficial owner of these shares is Jaypee Uttar Bharat Vikas Private Limited

iii) **Change In Promoters' Shareholding** (please specify, if there is no change) - **NO CHANGE**

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl.No.		Shareholding at the beginning of the year i.e. 31.03.2014		Cumulative Shareholding during the year i.e. 31.03.2015	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Top 10 Shareholders*				
1	ISG Traders Limited	198,720	0.10	198,720	0.10
2	NRC Limited	35,903	0.02	35,903	0.02
3	Sewand Investments Limited	25,742	0.01	25,742	0.01
4	Golconda Investments Limited	20,000	0.01	20,000	0.01
5	Life Insurance Corporation of India	13,479	0.01	13,479	0.01
6	Hitesh Ramji Javeri	6,750	0.00	6,750	0.00
7	Andhra Bank Limited	4,500	0.00	4,500	0.00
8	Swaran Financial Private Limitd	3,606	0.00	3,606	0.00
9	Gauri Prasad Goenka	3,548	0.00	3,548	0.00
10	Gopal Das Sonkia	3,300	0.00	3,300	0.00
	Total	315,548	0.16	315,548	0.16

v) Shareholding of Directors and Key Managerial Personnel:

1 Name of the Director - Shri Manoj Gaur*

Designation - Chairman & Director

Sl.No.	Particulars	Shareholding at the beginning of the year i.e 01.04.2014		Cumulative Shareholding during the year i.e 31.03.2015	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	8,000	0.00	8,000	0.00
2	Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	—	—	—	—
3	At the end of the year	8,000	0.00	8,000	0.00

2 Name of the Director - Shri Shyam Datt Nailwal*

Designation - Director

Sl.No.	Particulars	Shareholding at the beginning of the year i.e 01.04.2014		Cumulative Shareholding during the year i.e 31.03.2015	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	7,000	0.00	7,000	0.00
2	Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	—	—	—	—
3	At the end of the year	7,000	0.00	7,000	0.00

* Beneficial Interest in these shares are held by Jaypee Uttar Bharat Vikas Private Limited

No Director other than mentioned above hold any share in the Company.

V) Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In Rs. Lakhs)

S.No.		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
A)	Indebtedness as at 01.04.2014				
	i) Principal Amount	33,125	Nil	Nil	33,125
	ii) Interest due but not paid	Nil	Nil	Nil	Nil
	iii) Interest accrued but not due	Nil	Nil	Nil	Nil
	Total (i + ii + iii)	33,125	Nil	Nil	33,125
B)	Change in Indebtedness during the financial year 2014-15				
	Addition	24,600	Nil	Nil	24,600
	Reduction	5,625	Nil	Nil	5,625
	Net Change	18,975	Nil	Nil	18,975
C)	Indebtedness as at 31.03.2015				
	i) Principal Amount	52,100	Nil	Nil	52,100
	ii) Interest due but not paid	Nil	Nil	Nil	Nil
	iii) Interest accrued but not due	Nil	Nil	Nil	Nil
	Total (i + ii + iii)	52,100	Nil	Nil	52,100

Notes: Unclaimed Public deposits and unpaid debentures are included in above.
Interest on unclaimed deposits has been taken in Interest accrued and not due.

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager

(in Rs.)

Sl.No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
	S/Shri	V.K.SHARMA	
1	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9,619,500	9,619,500
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	544,500	544,500
	c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	–	–
2	Stock Option		–
3	Sweat Equity		–
4	Commission		
	– as % of profit		
	– others (specify...)		–
5	Others, please specify		–
	Total (A)	10,164,000	10,164,000
	Ceiling as per the Act		

Ceiling calculated as per Section 197, 198 read with Schedule III

B) Remuneration to other Directors:

Sl.No.	Particulars of Remuneration	Name of Director		Total Amount
	ServaShri	Sh. S D M Nagpal	Sh. R.K.Pandey	
1	Independent Directors			
	Fee for attending Board/committee meetings	50,000	50,000	100,000
	Commission			
	Others, please specify			
	Total (1)	50,000	50,000	100,000
2	Other Non-Executive Directors			
	Fee for attending Board committee meetings			
	Commission			
	Others, please specify			
	Total (2)			
	Total (B) = (1 + 2)	50,000	50,000	100,000
	Total Managerial Remuneration (A + B)			10,264,000
	Ceiling as per the Act			

C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD:
(in Rs.)

Sl.No.	Particulars of Remuneration	MS. SUMAN LATA (CS)	MR. SUDHIR RANA (CFO)	TOTAL
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	934,622	695,728	1,630,350
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	—	—	—
	c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission	—	—	—
	— as % of profit	—	—	—
	— others (specify...)	—	—	—
5	Others, please specify	—	—	—
	Total	934,622	695,728	1,630,350

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil
B. DIRECTORS					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	nil	nil	nil	nil	nil
Punishment	nil	nil	nil	nil	nil
Compounding	nil	nil	nil	nil	nil

Form - AOC 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

A) Details of Contracts or Arrangements or Transactions not at Arm's Length Basis - NIL

S.No.	Particulars	Details	
a)	Name(s) of the related party and nature of relationship	—	—
b)	Nature of Contracts/Arrangements/Transactions	—	—
c)	Duration of the Contracts/Arrangements/Transactions	—	—
d)	Salient terms of the Contracts or Arrangements or Transactions including the value, if any	—	—
e)	Justification for entering into such Contracts or Arrangements or Transactions	—	—
f)	Date(s) of approval by the Board	—	—
g)	Amount paid as advances, if any:	—	—
h)	Date on which the special resolution was passed in General Meeting as required under first proviso to section 188	—	—

B) Details of Material Contracts or Arrangement or Transactions at Arm's Length Basis - Nil

S.No.	Particulars	Details	
a)	Name(s) of the related party and nature of relationship	—	—
b)	Nature of Contracts/Arrangements/Transactions	—	—
c)	Duration of the Contracts/Arrangements/Transactions	—	—
d)	Salient terms of the Contracts or Arrangements or Transactions including the value, if any:	—	—
e)	Date(s) of approval by the Board, if any:	—	—
f)	Amount paid as advances, if any:	—	—

**Manoj Gaur
Chairman**

Annexure-II

Form No. MR-3 SECRETARIAL AUDIT REPORT

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

To
The Members
Kanpur Fertilizers & Cement Limited
Sector-128, Noida-201304

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Kanpur Fertilizers & Cement Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

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

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

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

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

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

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

The Company Secretary had resigned w.e.f. 21st September, 2014 and the new incumbent is yet to join.

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

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

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

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

Date: May 25, 2015
Place: New Delhi

D.P. Gupta
For SGS ASSOCIATES
Company Secretaries
Membership Number FCS 2411
Certificate of Practice No. 1509

Annexure-III

NOMINATION AND REMUNERATION POLICY

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INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013 and the Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014, the Board of Directors of every prescribed company shall constitute an Audit Committee and Nomination and Remuneration Committee of the Board. As the Company is subsidiary of Jaypee Uttarbharat Vikas Pvt. Limited, by virtue of Section 2(87) of the Companies Act, 2013, the Company has constituted an 'Audit Committee' and a 'Nomination and Remuneration Committee'.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

1.1. Purpose of the Policy

The Key Objectives of the Committee are:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The Policy ensures that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmark; and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

1.2. Definitions

- 1.2.1. **"Board"** means the Board of Directors of the Company.
- 1.2.2. **"Company"** means "Kanpur Fertilizers and Cement Limited.
- 1.2.3. **Employees' Stock Option** means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- 1.2.4. **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 1.2.5. **"Key Managerial Personnel"** or "KMP" means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder. (As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel:
 - Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;

(ii) Company Secretary; and

(iii) Chief Financial Officer.

1.2.6. **"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

1.2.7. **"Policy or This Policy"** means, "Nomination and Remuneration Policy.

1.2.8. **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

1.2.9. **"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

1.3. Interpretation

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts, listing agreement, regulations, rules.

- The Companies Act, 2013 or the rules framed thereon;
- Listing Agreement with Stock Exchanges;
- Securities Contracts (Regulation) Act, 1956;
- Securities and Exchange Board of India Act, 1992;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

2. NOMINATION AND REMUNERATION COMMITTEE

2.1. Role of the Committee

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Formulating the criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity
- Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors;

- (f) All information about the Directors/Managing Directors/ Whole time Directors/Key Managerial Personnel i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders, where required;
- (g) The Committee shall take into consideration and ensure the compliance of provisions under Schedule-V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors/Whole-time Directors;
- (h) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;
- (i) The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders;

2.2. Composition of the Committee

- (a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- (b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- (c) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- (d) Membership of the Committee shall be disclosed in the Annual Report.
- (e) Term of the Committee shall be continued unless terminated by the Board of Directors.

2.3. Chairman of the Committee

- (a) Chairman of the Committee shall be an Independent Director.
- (b) Chairman of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- (c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- (d) Chairman of the Nomination and Remuneration Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

2.4. Frequency of the Meetings of the Committee

The meeting of the Committee shall be held at such regular intervals as may be required.

2.5. Committee Member's Interest

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

2.6. Voting at the Meeting

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

2.7. Minutes of the Meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

3. APPLICABILITY

This Policy is Applicable to:

- (a) Directors (Executive, Non-Executive and Independent)
- (b) Key Managerial Personnel
- (c) Senior Management Personnel
- (d) Other employees as may be decided by the Nomination and Remuneration Committee

4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

4.1. Appointment criteria and qualifications

- (a) Subject to the applicable provisions of the Companies Act, 2013, the Listing Agreement, other applicable laws, if any and GMR Group HR Policy, the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- (b) The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position.
- (c) The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

4.2. Term/Tenure

4.2.1. Managing Director/Whole-time Director/Manager (Managerial Personnel)

The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

4.2.2. Independent Director

- (a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- (b) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- (d) The maximum number of public companies in which a person can be appointed as a director shall not exceed ten.
- (c) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case

such person is serving as a Whole-time Director of a listed company.

For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

4.3. **Familiarization of Programme to the Independent Directors**

The company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

4.4. **Evaluation**

Subject to Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Committee shall carry out the evaluation of Directors periodically.

4.5. **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

4.6. **Retirement**

The Director, KMP and Personnel of Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Personnel of Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company.

PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT PERSONNEL

4.7. **General**

- (a) The remuneration/ compensation/ commission etc. to Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.
- (b) The remuneration and commission to be paid to the Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- (c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel.
- (d) Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

4.8. **Remuneration to Managerial Personnel, KMP, Senior Management and Other Employees**

4.8.1. **Fixed Pay**

Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

4.8.2. **Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

4.8.3. **Provisions for excess remuneration**

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

4.8.4. **The remuneration to Personnel of Senior Management shall be governed by the GMR Group HR Policy.**

4.8.5. **The remuneration to other employees shall be governed by the GMR Group HR Policy.**

4.9. **Remuneration to Non-Executive/Independent Director**

4.9.1. **Remuneration/Commission**

The remuneration/commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

4.9.2. **Sitting Fees**

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

The sitting fee paid to Independent Directors and Women Directors, shall not be less than the sitting fee payable to other directors.

4.9.3. **Limit of Remuneration/Commission**

Remuneration/Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4.9.4. **Stock Options**

An Independent Director shall not be entitled to any stock option of the Company.

5. **DISCLOSURES**

The Company shall disclose the Policy on Nomination and Remuneration on group's website www.jalindia.com

6. **AMENDMENT**

Any amendment or modification in any applicable regulation relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

Independent Auditor's Report

To
The Members of
Kanpur Fertilizers & Cement Limited
Report on Financial Statements

We have audited the accompanying Financial Statements of Kanpur Fertilizers & Cement Limited ("the Company"), which comprises the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for 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 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 Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information

required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of written representations received from the directors as on 31st March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act.
 - f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The Company has disclosed the impact of pending litigation on its financial position in its Financial Statements – Refer Noted 23A to the financial statements.
 - (ii) The company has made provisions as required under the applicable law or accounting standards, for material foreseeable losses, if any on long term contracts including derivative contracts; and
 - (iii) There were no amounts which were required to be transferred to Investor Education and Protection Fund. So, question of delay in transferring the amount into above funds does not arise.

For & on behalf of
RRCA & Associates
(Chartered Accountants)
Firm Registration No.: 022107N

Ravi Kumar
(Partner)
Membership No.: 508424

Place: Delhi
Date: May 25, 2015

The Annexure referred to in paragraph 5 of Our Report of even date to the members of Kanpur Fertilizers & Cement Limited on the Financial Statements of the Company for the year ended 31st March, 2015.

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- (b) All the fixed assets have been physically verified by the management at reasonable intervals as explained by the management which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- (ii) (a) As explained to us, the inventory of the company has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. As explained to us, no major discrepancies were noticed on physical verification of inventory as compared to books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured, to bodies corporate covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, sub-clauses (a) and (b) of Clause (iii) of the order are not applicable.
- (iv) In our opinion and according to the explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business for purchase of Inventory and Fixed Assets and for the sale of goods and services. We have not observed any continuing major weakness in the internal control system during the course of the audit.
- (v) As per books of accounts, records and the information and explanations given to us, the company has not accepted any deposits within the meaning of section 73 to 76 or other relevant provisions of the Act and Rules framed there under.
- (vi) Based on records and information and explanations given to us, the company has maintained the prescribed cost records specified by the Central Government under section 148(1) of the Companies Act, 2013. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the amounts deducted/ accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Wealth tax, Service tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in

respect of Provident Fund, Income-tax, Sales-tax, Wealth tax, Service tax and other material statutory dues were in arrears as at 31st March' 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of Wealth tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of Income tax, Sales tax, Service tax and Gratuity have not been deposited/paid by the Company on account of disputes.

Nature of the Statute	Nature of dues	Amount of Demand (Rs. In Lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	TDS Demand	9.16	AY 2012-13	CIT (Appeal)
Income Tax Act, 1961	Income Tax Demand	29.15	AY 2013-14	CIT (Appeal)

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, Company is not required to transfer any amount to the investor education and protection fund.
- (viii) The company has no accumulated losses at the end of the year and it has not incurred cash losses in current year as well as immediately preceding financial year.
- (ix) In our opinion and according to the information and explanation given by the management and as per the records, the company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders.
- (x) As per the information & explanation given to us, the company has not given any guarantee for loans taken by others from bank/ financial institution.
- (xi) In our opinion and according to the information and explanation given to us, term loans have been utilized for the purpose for which the loans were obtained.
- (xii) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.

**For & on behalf of
RRCA & Associates
(Chartered Accountants)
FRN – 022107N**

**Ravi Kumar
(Partner)
Membership No: 508424**

**Place: Delhi
Date: May 25, 2015**

KANPUR FERTILIZERS & CEMENT LIMITED

BALANCE SHEET AS AT 31ST, MARCH, 2015

(₹ in Lacs)

Particulars	Note No.	Figures for the current reporting year ended on 31.03.2015	Figures for the previous reporting year ended on 31.03.2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
Share capital	2.01	30,896	29,958
Reserves and surplus	2.02	46,861	44,661
Share Application money pending allotment		–	1,875
(2) Non-current liabilities			
Long-term borrowings	2.03	41,992	27,500
Deferred tax liabilities (Net)	2.04	651	12
Long-term provisions	2.05	332	59
(3) Current liabilities			
Short-term borrowings	2.06	41,011	37,388
Trade Payables	2.07	87,182	18,241
Other current liabilities	2.08	23,995	32,912
Short-term provisions	2.09	437	134
TOTAL		273,357	192,740
II. ASSETS			
(1) Non-current assets			
Fixed assets	2.10		
(i) Tangible assets		111,476	25,263
(ii) Intangible assets		35	53
(ii) Capital work-in-progress		2,824	91,140
Long-term loans and advances	2.11	52	51
(2) Current assets			
Inventories	2.12	9,455	13,812
Cash and Bank Balances	2.13	6,691	3,052
Trade receivables	2.14	135,182	54,935
Short-term loans and advances	2.15	7,457	4,330
Other current assets	2.16	185	104
TOTAL		273,357	192,740

Significant accounting policies and notes to accounts as per notes 1 & 2

As per our report of even date

For RRCA & Associates
Chartered Accountants
Registration No. 022107N

For and on behalf of the Board

Ravi Kumar
Partner
M. No. 508424

Manoj Gaur
Chairman

Place : Noida
Dated : 25.05.2015

Sudhir Rana
Chief Financial Officer

S.D.Nailwal
Director

A.K. Jain
Vice Chairman & CEO

Statement of Profit & Loss for the Period ending on 31st March 2015

(₹ in Lacs)

Particulars	Note No.	Period ended 31.03.2015	Period ended 31.03.2014
I. Revenue from operations	2.17	261,069	116,920
II. Other income	2.18	402	7
III. Total Revenue (I + II)		261,471	116,927
IV. Expenses:			
Cost of materials consumed	2.19	217,665	107,375
Purchases of Stock in trade	2.20	5,720	1,310
Changes in inventories of finished goods work-in-progress & Stock in Trade	2.21	2,884	-4,781
Employee Benefit Expenses	2.22	3,655	2,710
Selling & Distribution Expenses	2.23	5,844	2,510
Finance Costs	2.24	16,669	6,131
Other Expenses	2.25	1,854	1,064
Depreciation and amortization Expenses	2.10	5,278	94
Total expenses		259,569	116,413
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,902	514
VI. Exceptional items[income/(Expenditure)]		–	–
VII. Profit before extraordinary items and tax (V - VI)		1,902	514
VIII. Extraordinary Items [income/(Expenditure)]		–	–
IX. Profit before tax (VII- VIII)		1,902	514
X. Tax Expense:			
(1) Current tax		402	129
Less - MAT Credit Entitlement		402	–
(2) Deferred tax Liabilities/(Assets)		639	12
XI. Profit (Loss) for the period (IX-X)		1,263	373
XIX. Earnings per equity share:	2.26		
(1) Basic		0.63	0.19
(1) Dilutive		0.63	0.19

Significant accounting policies and notes to accounts as per notes 1 & 2

As per our report of even date

For RRCA & Associates
Chartered Accountants
Registration No. 022107N

For and on behalf of the Board

Ravi Kumar
Partner
M. No. 508424

Manoj Gaur
Chairman

Place : Noida
Dated : 25.05.2015

Sudhir Rana
Chief Financial Officer

S.D.Nailwal
Director

A.K. Jain
Vice Chairman & CEO

KANPUR FERTILIZERS & CEMENT LIMITED

Notes to the Financial Statements for the year ended as on
31st March 2015

Note No. 2.01: Share Capital

(Rupees in Lakhs)

	Figures for the current reporting period ended on 31.03.2015	Figures for the previous reporting period ended on 31.03.2014
Authorised Share Capital		
A) Equity Share Capital		
8250 Lakhs (Previous period 8250 Lakhs) Shares of Rs. 10/- each	82,500	82,500
B) Preference Share Capital		
11% Convertible Preference Share Capital		
3500 Lakhs (Previous period 3500 Lakhs) Shares of Rs. 10/- each	35,000	35,000
10% Cumulative Redeemable Preference Share Capital	2,500	2,500
250 Lakhs (Previous period 250 Lakhs) Shares of Rs. 10/- each	120,000	120,000
Issued, subscribed and paid up capital		
A) Equity Share Capital	20,058	20,058
2005.82 Lakhs (Previous period 2005.82 Lakhs) Shares of Rs. 10/- each fully paid up		
B) Preference Share Capital		
11% Convertible Preference Share Capital	9,038	8,100
903.80 Lakhs (Previous period 810 Lakhs) Shares of Rs. 10/- each fully paid up		
10% Cumulative Redeemable Preference share Capital	1,800	1,800
180 Lakhs (Previous period 180 Lakhs) Shares of Rs. 10/- each fully paid up	30,896	29,958
Details of Shareholders having more than 5% shares	% of Shares As on 31.03.2015 No. of Shares	As on 31.03.2014 No. of Shares
Equity Shares		
Jaypee Uttar Bharat Vikas Private Limited	99.73% 2,001	2,001
Convertible Preference Shares		
Jaypee Fertilizers & Industries Ltd. (JFIL)	72% 654	560
Jaypee Development Corporation Ltd. (JDCL)	28% 250	250
Cumulative Redeemable Preference Shares		
Jaypee Fertilizers & Industries Ltd. (JFIL)	100% 180	180
Reconciliation of no. of shares Outstanding	As on 31.03.2015	As on 31.03.2014
Equity Share Capital		
Equity Shares Outstanding at the beginning of the Year	2,006	2,001
Addition During the Year	—	5
Outstanding at the End of the Year	2,006	2,006

	As on 31.03.2015	As on 31.03.2014
Preference Share Capital		
11% Convertible Preference Shares Outstanding at the beginning of the Year	810	460
Addition During the Year	94	350
Outstanding at the End of the Year	904	810
10% Cumulative Redeemable Preference Shares at the beginning of the Year	180	180
Addition During the Year	—	—
Outstanding at the End of the Year	180	180
Terms/rights attached to shares		

The Company has three classes of shares referred to as Equity Shares, Cumulative Redeemable Preference Shares & Convertible Preference Shares having face value of Rs. 10/- each.

i) Equity Shares

The paid up Equity Share Capital of the Company is held by Jaypee Uttar Bharat Vikas Private Limited (Holding Company) including 10,000 Equity Shares held in the name of subscribers to the memorandum as nominee of the Company. Each holder of Equity Share is entitled to one vote per share.

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

ii) Preference Shares

Preference Shareholders do not carry any voting right.

During the year the Company has issued 93.75 Lakhs, 11% Convertible Preference Shares of Rs. 10/- at a premium of Rs. 10/- per share to Jaypee Fertilizers & Industries Ltd. These Shares are convertible into Equity at any time from 3 months to 5 years at the option of Preference shareholders.

50% of 10% Cumulative Preference Shares are to be redeemed in July'2015 (including premium on preference shares) and balance 50% are to be redeemed in July' 2016 (including premium on preference shares). The Company has not declared any dividend on Preference Shares.

iii) Share Application Money Allotment

The Share Application Money of Rs. 1875 Lakhs was received from Jaypee Fertilizers & Industries Limited (JFIL) on 31.03.2014. The Company has issued 93.75 Lakhs, 11% Convertible Preference Shares of Rs.10/- per share at a premium of Rs.10/- per share on 23rd May' 2014. These Preference Shares are convertible into equity between 3 months to 5 years of allotment at the option of Preference shareholders.

Note No. 2.02: Reserves and Surplus

(Rupees in Lakhs)

	Figures for the current reporting period ended on 31.03.2015	Figures for the previous reporting period ended on 31.03.2014
Security Premium Reserve		
Balance at the beginning	40,230	40,795
Add : Addition During the Year	937	3,500
Less: Transferred to Securities Premium Redemption Reserve	2,340	4,065
Closing Balance (A)	38,827	40,230
Security Premium Redemption Reserve		
Balance at the beginning	4,065	—
Add: Transferred from Securities Premium Reserve	2,340	4,065

(Rupees in Lakhs)

	Figures for the current reporting period ended on 31.03.2015	Figures for the previous reporting period ended on 31.03.2014
Closing Balance (B)	6,405	4,065
Surplus		
Balance at the beginning	366	(7)
Add: Profit Transferred from Statement of Profit & Loss	1,263	373
Closing Balance (C)	1,629	366
Total (A + B + C)	46,861	44,661

During the Current reporting period a sum of Rs. 2340 Lakhs equivalent to premium payable to Preference Shareholders on redemption providing annual yield of 13% per annum has been transferred out of Security Premium Reserve Account to Security Premium Redemption Reserve Account.

Note No. 2.03: Long-Term Borrowings

Term loans (Secured)		
From Banks:-		
ICICI Bank Ltd. (RTL)	15,000	22,500
State Bank of India (RTL)	14,448	5,000
India Infrastructure Finance Company Limited (RTL)	12,544	—
	41,992	27,500

2.03 (a) Terms of repayment of secured loan from banks & financial institutions

- ICICI Bank Ltd - The repayment is to be made in 16 equal quarterly installment commencing from April 1, 2014. The rate of interest is I-Base + Spread of 2.75 % PA. The amount outstanding as at 31.03.2015 is Rs 22,500 Lakhs (Previous Year - Rs 28,125 Lakhs).
- SBI - The repayment is to be made in 40 structured quarterly installment starting from June 30, 2015. The rate of interest is SBI Base rate + 3 %. The amount outstanding as at 31.03.2015 is Rs 16,800 Lakhs (Previous Year - Rs 5,000 Lakhs).
- IIFCL - The repayment is to be made in 48 structured quarterly installment starting from June 30, 2015. The rate of interest is SBI Base rate + 3 %. The amount outstanding as at 31.03.2015 is Rs 12,800 Lakhs (Previous Year - Nil).

2.03 (b) Security -These loans are secured by way of first ranking pari passu charge on all Fixed Assets (Immovable & movable ; both present & future) of the Company & second ranking pari passu charge on Current Assets (Both present & future) of the Company. These loans are further secured by way of pledge of 30% equity shares of the Company as held by Jaypee Uttar Bharat Vikas Private Limited on pari passu basis & shortfall undertaking of Jaiprakash Associates Limited. 21% equity shares of the company as held by Jaypee Uttar Bharat Vikas Private Limited are under Non disposal agreement and power of attorney against loan of ICICI Bank Ltd.

Note No. 2.04 : Deferred Tax Liabilities
(Rupees in Lakhs)

	Figures for the current reporting period ended on 31.03.2015	Figures for the previous reporting period ended on 31.03.2014
Deferred Tax liability :		
On account of Timing Difference in WDV of Fixed Assets	2,771	21
Deferred Tax Assets :		
On account of Employee benefits	2,120	9
Deferred Tax Liability	651	12

Note No. 2.05: Long-term provisions
(Rupees in Lakhs)

	Figures for the current reporting period ended on 31.03.2015	Figures for the previous reporting period ended on 31.03.2014
Provision for employee benefits		
Gratuity	196	22
Leave Encashment	136	37
	332	59

Note No. 2.06: Short Term Borrowings

From Banks (Secured):-		
State Bank of India	22,234	19,935
State Bank of Patiala	7,477	7,475
State Bank of Hyderabad	9,932	9,978
ICICI Bank Ltd	1,368	—
	41,011	37,388

A consortium of Banks comprising State Bank of India, State Bank of Hyderabad, State Bank of Patiala and ICICI Bank Ltd. has sanctioned working capital facilities of Rs.77000 Lakhs (both fund based and non fund based).

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

Note No.2.07: Trade Payable

Trade Payables		
– Due to micro and small enterprises	—	—
– Others	87,182	18,241
	87,182	18,241

Note No.2.08: Other Current Liabilities
(Rupees in Lakhs)

	Figures for the current reporting period ended on 31.03.2015	Figures for the previous reporting period ended on 31.03.2014
Current Maturities of Long Term Debt		
ICICI Bank Ltd. (RTL)	7,500	5,625
State Bank of India (RTL)	2,352	—
India Infrastructure Finance Company Limited (RTL)	256	—
Other Payables:-		
Due to Staff	317	215
Tax Dues	1,126	312
Advances from Customers	397	356
Security Deposits-Interest Bearing	1,728	1,861
Security Deposits-Non Interest Bearing	158	453
Loans and advances from related parties (Unsecured)	2,654	921
Others Payables	4,948	19,035
Under BIFR Approved Scheme	2,559	4,134
	23,995	32,912

Note No. 2.09: Short-term provisions

Provision for employee benefits		
Gratuity	3	—
Leave Encashment	31	5
Provision for Wealth Tax	1	—
Provision for Income Tax	402	129
	437	134

KANPUR FERTILIZERS & CEMENT LIMITED

Note No. 2.10 : Fixed Assets

(Rupees in Lakhs)

Particulars	Gross Carrying Value				Depreciation/Amortization				Net Carrying Value	
	As at 01.04.2014	Addition During the Year	Sale/Transfer/ Discard/Adjustment during the year	As at 31.03.2015	Upto 31.03.2014	For the Year	Sale/Adjustment	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
(A) Tangible Assets										
Land Leasehold	24,344		—	24,344	—	—	—	24,344	24,344	
Buildings	4	8,268	—	8,272	1	250	—	251	8,021	3
Plant & Machinery	347	82,745	—	83,092	46	4,569	—	4,615	78,477	301
Vehicles	131	32	—	163	24	41	—	65	98	107
Other Fixed Assets	43	274	—	317	3	218	—	221	96	40
EDP Machines	219	49	—	268	55	112	—	167	101	164
AC & Coolers	82	16	—	98	7	17	—	24	74	75
Refrig. & Water Cooler	15	3	—	18	1	4	—	5	13	14
Television/Cinematography	58	2	—	60	6	7	—	13	47	52
Furniture & Fixture	183	82	—	265	29	38	—	67	198	154
Office Equipments	10	2	—	12	1	4	—	5	7	9
Total Tangible Assets	25,436	91,473	—	116,909	173	5,260	—	5,433	111,476	25,263
(B) Intangible Assets										
Goodwill	53	—	—	53	—	18	—	18	35	53
Total Intangible Assets	53	—	—	53	—	18	—	18	35	53
Previous Year	25,191	298	—	25,489	79	94	—	173	111,512	25,316
Capital Work In Progress (including Incidental Expenditure During Construction Period)									2,824	91,140

Note No.2.11: Long-term loans and advances (Rupees in Lakhs)

	Figures for the current reporting period ended on 31.03.2015	Figures for the previous reporting period ended on 31.03.2014
Security Deposits (Unsecured and Considered good)		
With Govt. & Public Bodies	49	47
With Others	3	4
	52	51

Note No. 2.12: Inventories

Raw materials	2,863	4,345
Work-in-progress	1,140	2,415
Finished goods	757	2,366
Stores and spares	4,695	4,686
	9,455	13,812

Note No. 2.13: Cash and Bank Balances

(A) Cash and Cash Equivalents		
(a) Cash on hand	10	24
(b) Balances with banks In Current Accounts		
State Bank of India	1,455	101
ICICI Bank Ltd	761	189
Yes Bank	4	1
Axis Bank Ltd	2	—
IndusInd Bank	1	6
(c) Term Deposits Account with original maturity of less than three months	2,115	953
(B) Other Bank Balances		
(a) Term Deposits Account with maturity of more than three months	2,343	1,778
	6,691	3,052

Note No. 2.14: Trade Receivables (Unsecured. Considered good)

(Rupees in Lakhs)

	Figures for the current reporting period ended on 31.03.2015	Figures for the previous reporting period ended on 31.03.2014
Outstanding less than six months from day become due.		
Sundry Debtors	563	868
Subsidy Receivables from Government	134,619	54,067
	135,182	54,935

Note No. 2.15: Short Term Loans & Advances

Loans and advances to (Unsecured but considered good)		
Related Party	2,114	7
Others (Unsecured but considered good):-		
Advances to Suppliers, Contractors & Others	3,498	3,045
Prepaid Expenses	1,104	881
Tax Credits	741	397
	7,457	4,330

Note No. 2.16: Other Current Assets

Interest Accrued on Fixed Deposits & Others	176	95
Other Receivables	9	9
	185	104

Note No.2.17: Revenue from Operations (Rupees in Lakhs)

	For the period ended 31.03.2015	For the period ended 31.03.2014
Sale of Products		
Urea Sale	35,242	15,430
Govt Subsidy	218,812	99,750
Sale-Flyash	383	163
Less: Excise Duty on Sales	398	174
	254,039	115,169
Other Operating Revenue		
Sale -Traded Product	7,030	1,751
	261,069	116,920

Note No.2.18 : Other Income

Misc Receipts	8	7
Interest Received	332	—
Insurance Claim Received	62	—
Total	402	7

Note No.2.19 : Cost of Material Consumed

Raw Materials Consumed	165,841	87,160
Electricity Charges	39,335	11,347
Coal Consumed	6,810	2,100
Water charges	115	12
Bags Consumed	2,470	1,230
Store and Spares Consumed	1,774	5,101
Freight & Material Handling	87	20
Repairs & Maintenance - Plant	1,193	395
Testing and Analysis Fees	40	10
Total	217,665	107,375

Note No.2.20 : Purchase of Stock in trade

Naptha	2,356	839
NPKS	857	—
Di Ammonium Phosphate	934	—
Zyme	811	183
Micro Nutrient	579	228
Others	183	60
Total	5,720	1,310

Note No. 2.21 : Change in Inventories of Finished goods and Work in Progress

Opening Stock		
Finished Goods		
Packed Urea	2,365	—
Flyash	1	—
Less Closing Stock		
Packed Urea	755	2,365
Flyash	2	1
	1,609	-2,366
Opening Stock		
Work In Progress		
Loose Urea	1,797	—
Ammonia	605	—
DM Water	2	—
Filter water	—	—
Polish Water	—	—
Steam	11	—

(Rupees in Lakhs)

	For the period ended 31.03.2015	For the period ended 31.03.2014
Less Closing Stock		
Loose Urea	378	1,797
Ammonia	762	605
DM Water	—	2
Filter water	—	—
Polish Water	—	—
Steam	—	11
	1,275	-2,415
Total	2,884	-4,781

Note No. 2.22 : Employee benefits expense

Salaries & Wages	3,203	2,461
Gratuity	181	13
Contribution To Provident & Other Funds	173	146
Staff Welfare	98	90
Total	3,655	2,710

Note No.2.23: Selling & Distribution Expenses

Freight outward	4,670	1,871
Discounts	145	59
Publicity & Advertisements	15	84
Sales Promotion	88	50
Loading & Unloading	849	390
Rent of Godown	77	56
Total	5,844	2,510

Note No.2.24 : Finance Cost

Interest to Banks on Working Capital	4,536	1,814
Interest to Banks on Term Loan	5,078	3,169
Interest to others	6,255	770
Financial & Bank Charges	800	378
Total	16,669	6,131

Note No.2.25: Other Expenses

Repair & Maintenance - Others	580	75
Safety & Security Expenses	160	42
Rates & Taxes	38	76
Insurance	288	212
Travelling & Conveyance Expenses	110	78
Postage, Telephone & Internet	44	26
Legal & Professional Expense	370	268
Vehicle Hire and running Charges	209	254
Expenses relating to Past year	3	—
Auditors Remuneration		
Audit Fees	2	2
Tax Audit Fees	1	—
For reimbursement of expenses	—	—
Printing and Stationery	7	4
Miscellaneous Expenses	42	27
Total	1,854	1,064

KANPUR FERTILIZERS & CEMENT LIMITED

Note No.2.26: Earning Per Share

(Rupees in Lakhs)

	For the period ended 31.03.2015	For the period ended 31.03.2014
Profit/(Loss) after tax (in Rs.)	1,263	373
Nominal value of equity share (in Rs.)	10.00	10.00
Total number of equity shares outstanding at the beginning of the year/period	2,006	2,001
Total number of equity shares outstanding at the end of the year/period	2,006	2,006
Weighted average number of equity shares	2,006	2,006
Basic earning per share (in Rs.)	0.63	0.19
Dilutive earning per share (in Rs.)	0.63	0.19

Company Overview

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

In accordance with the Scheme of Arrangement sanctioned by Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 16th January 2012 U/s 18(6A) and 18(7) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) in case no. 70/2006, the assets and liabilities of the Fertilizer Undertaking of the DIL were transferred to and vested in KFCL with effect from 24th January 2012. Due to long closure of the manufacturing facility, the manufacturing and allied facilities required revamp and involved substantial time and investment for restarting the fertilizer plant. Therefore, the excess of the liabilities over net book value of assets taken over was considered as Capital Work in Progress (CWIP) in FY 2011-12. The Board of directors of the Company have approved the date of commercial operation of the Plant from 1st June 2014. The amount of CWIP has been capitalized on the commercial operation date.

Basis of preparation of Financial Statements

The accounts are prepared on historical cost basis and on the principles of a going concern.

Accounting policies not specifically referred to otherwise are being consistently followed and are in accordance with generally accepted accounting principles.

Note No. 1: Significant Accounting Policies

System of Accounting

The financial statements are prepared in accordance with Generally Accepted Indian Accounting Principles ("GAAP") under the historical cost convention and on accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 2013.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialize.

Revenue Recognition

- Revenue is recognised when it can be reliably measured and it is reasonable to expect ultimate collection.
- Revenue from Sale of Goods transactions is recognised when

significant risk and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding amount of consideration. Sales are net of Excise duty /Value added tax and exclusive of Self consumption. Subsidy claimed on sale of urea sale is recognised bases on accrual basis.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost includes all costs relating to acquisition and installation of fixed assets including any incidental costs of bringing the assets to their working condition for their intended use.

Depreciation

Depreciation on fixed assets is provided on straight line method at the rates and in the manner specified in schedule II of the Companies Act, 2013. Individual assets acquired for Rs. 5000/- or less are depreciated fully in the year of acquisition.

The Goodwill arising on Shares issued to DIL shareholders in pursuant to Demerger Scheme between Company & DIL is to be amortised equally over the period of five years.

Capital Work in Progress

Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Taxes on Income

Taxes comprise of Current Tax and Wealth Tax. Provision for current tax is calculated in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions. Provision for Wealth Tax is calculated in accordance with the provisions of the Wealth Tax Act, 1957 after considering tax allowances and exemptions.

Deferred Tax Liability is computed as per Accounting Standard (AS-22). Deferred Tax Asset and Deferred Tax Liability are computed by applying tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Employee benefits

a) Post employment Benefit Plans:

Payments to defined contribution plans, such as provident fund are charged as an expense as they fall due. For defined benefit plans, such as gratuity, the cost of providing benefits is determined based on actuarial valuation made by an independent actuary using Projected Unit Credit Method, as at each balance sheet date. The actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately in the profit and loss account.

b) Short Term employees benefits

The undiscounted portion of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders service. These benefits include encashment of accumulated leaves.

Inventories

Inventories of Raw Materials and Finished Goods are valued at lower of cost or estimated net realizable value. Values of Inventories of finished goods lying in the factory premises and at dumps include excise duty, pursuant to the Accounting Standard (AS-2) Revised.

Inventories in respect of Stores and Spares are valued at lower of cost or net realizable value. Cost comprises of purchase and other costs incurred in bringing them to their present location and condition. Cost of Stores and spares is ascertained on weighted average basis.

Impairment of Assets

At each Balance sheet, the Company assess whether there is any

indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to the asset belongs is than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

Reversal of impairment losses recognized in prior years, if any, is recorded when there is an indication that the impairment losses recognized for the assets no longer exists or have decreased. However, the increase in carrying amount of an asset due to reversal of impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years

Borrowing Costs

Borrowing costs directly attributable to acquisition or construction of qualifying assets, which necessarily take substantial period of time to get ready for intended use, are capitalized. All other borrowing costs are charged to revenue.

Provision, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

A disclosure for contingent liability is made when, as a result of obligating events, there is a possible obligation on a present obligation that may, but probably will not, require an outflow of resources.

Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

Foreign Currency Transactions

Transaction in foreign currency is recorded in the books of account in Indian Rupees at the rate of exchange prevailing on the date of transaction.

Monetary Assets & Liabilities related to foreign currency transaction and outstanding, except assets and liabilities hedged by hedge contract, at the close of the year, are expressed in Indian rupees at the rate of exchange prevailing on the date of Balance Sheet. The exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the statement of profit and loss. Assets and liabilities other than monetary items are translated at the exchange rate prevailing on the balance sheet date and exchange difference in relation to project under construction are included/reduced from related assets/ liabilities.

Earning per Share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding for the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing and financing cash flows. The Cash from operating, investing and financing activities of the company are segregated.

Note No. 2.27: Notes to the Financial Statements for the Year Ended as on 31.03.2015

(I) Contingent Liabilities & Commitments (to the extent not provided for)

(Rupees In Lakhs)

Particulars	2014-15	2013-14
1. Contingent Liabilities not provided for in respect of		
a) Claims against the disputed liability (including tax) not acknowledged as debt (TDS demand for the AY 12-13 & 13-14 on bank guarantee commission is disputed and appeal has been filed with Commissioner Appeals against the order of DCIT - TDS)	69	9
b) Outstanding balances of Bank Guarantees	560	1,035
Margin Money deposited against the above	501	529
c) Outstanding Letters of Credit (including Foreign LCs)	33,773	31,318
Margin Money deposited against the above	3498	2199
Commitments :-		
a) Estimated amount of Contract remaining to be executed on Capital Account and not provided for (net of Advances)	2,595	17,689

(ii) In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet.

(iii) Employee Benefits :

a) Provident Fund - Defined Contribution Plan

All employees are entitled to Provident Fund benefits. Amount debited in Statement of Profit & Loss is Rs. 148.72 Lacs (Previous year 126.88) excluding admin & DLI charges.

b) In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees' last drawn salary and the years of employment with the Company. The gratuity plan is unfunded.

c) Leave Encashment – Defined Benefit Plan

The Company has a scheme of encashment of accumulated leaves. The Scheme is unfunded and is recognized in Statement of Profit & Loss on the basis of actuarial valuation on accrual basis.

KANPUR FERTILIZERS & CEMENT LIMITED

The Summarized position of defined benefits recognized in Statement of Profit & Loss and Balance Sheet are as under:

(Rupees In Lakhs)

Particulars	2014-15		2013-14	
	Gratuity	Leave Encashment	Leave	Gratuity Encashment
(i) Expenses recognized in the Statement of Profit & Loss Account for the Period ended 31st March 2015				
1. Current Service Cost	61.34	54.01	10.82	20.41
2. Interest Cost	1.91	3.57	0.96	2.29
3. Expected return on plan assets				
4. Employee Contribution				
5. Actuarial (Gains)/Losses	117.86	142.24	-0.60	-7.66
6. Past Service Cost				
7. Settlement Cost				
8. Total Expenses	181.12	199.82	11.18	15.04
(ii) Net Asset/(Liability) recognized in the Balance Sheet as at 31st March 2015				
1. Present Value of Defined Benefit Obligation	199.66	166.97	22.52	41.98
2. Fair Value of Plan Assets				
3. Funded Status/Difference	-199.66	-166.97	-22.52	-41.98
4. Excess of Actual over estimated				
5. Net Asset/(Liability)	-199.66	-166.97	-22.52	-41.98
(iii) Change in Obligation during the Period ended March 31, 2015				
1. Present value of Defined Benefit Obligation at the beginning of the year	22.52	41.98	11.33	26.94
2. Current Service Cost	61.34	54.01	10.82	20.41
3. Interest Cost	1.91	3.57	0.96	2.29
4. Settlement Cost				
5. Past Service Cost				
6. Employee Contributions				
7. Actuarial (Gains)/Losses	117.86	142.24	-0.60	-7.66
8. Benefit Paid	-3.97	-74.83	-	-
9. Present Value of Defined Benefit Obligation at the end of the year	199.66	166.97	22.52	41.98
(iv) Change in Assets during the Period ended March 31, 2015				
1. Plan Assets at the beginning of the year	-	-	-	-
2. Assets acquired on amalgamation in previous year.	-	-	-	-
3. Settlements	-	-	-	-
4. Expected return on Plan Assets	-	-	-	-
5. Contribution by Employer	-	-	-	-
6. Actual Benefit Paid	-	-	-	-
7. Actuarial Gains/(Losses)	-	-	-	-
8. Plan Assets at the end of the year.	-	-	-	-
9. Actual Return on Plan Assets	-	-	-	-

d) Actuarial Assumptions: (Rupees In Lakhs)

Particular	2014-15	2013-14
1. Discount Rate	8.00%	8.50%
2. Mortality	IALM (2006-08)	IALM (2006-08)
3. Turnover Rate	-	-
4. Future Salary Increase	6.00%	6.00 %

(iv). Additional information pursuant to provisions of Revised Schedule-VI to the Companies Act, 2013:

a) Details of Raw Materials: (Rupees In Lakhs)

Particulars	2014-15	2013-14
Natural Gas	164,598	86314
Coal	6,810	2100
Chemical	1,087	619
Bags	2,470	1230

b) Opening & Closing Stocks of Finished Goods: (Rupees In Lakhs)

Particulars	2014-15	2013-14
1. Opening Stock	-	-
2. Closing Stock	-	2,366

c) Detail of Foreign Exchange Outflow: (Rupees In Lakhs)

Particulars	2014-15	2013-14
a) Payment to Capital Supplier	268	2,075
b) Travelling	Nil	Nil

(iv) As per Accounting Standard 18 (AS18) "Related Party disclosures", issued by ICAI, the disclosure of transactions with the related party, as defined in the said standard, are given below:

1. List of Related Parties and Relationships

a) Holding Company –

Jaypee Uttar Bharat Vikas Private Limited

b) Associate Companies –

01. Jaiprakash Associates Limited
02. Jaiprakash Power Ventures Limited
03. Jaypee Infratech Limited
04. Himalyan Expressway Limited
05. Jaypee Ganga Infrastructure Corporation Limited
06. Jaypee Sports International Limited
07. Jaypee Agra Vikas Limited
08. Himalyaputra Aviation Limited
09. Jaypee Power grid Limited
10. Jaypee Fertilizers & Industries Limited
11. Boydell Media Private Limited
12. Santipara Tea Company Limited
13. Jaypee Cement Corporation Limited
14. Sangam Power Generation Company Limited
15. Jaypee Assam Cement Limited
16. Prayagraj Power Generation Company Limited
17. Jaypee Meghalaya Power Limited
18. Bhilai Jaypee Cement Limited
19. Bokaro Jaypee Cement Limited (upto 28 th November, 2014)
20. Himachal Baspa Power Cmpany Limited
21. Himachal Karcham Power Company Limited
22. Jaiprakash Agri initiative Company Limited
23. Gujrat Jaypee Cement and Infrastructure Limited
24. Jaypee Arunachal Power Limited
25. ISG Traders Limited
26. Gujarat Carbon & Industries Limited

27. Stone Solar Private Limited
28. Jaypee Healthcare Limited
29. Jaypee Cement Cricket (India) Limited
30. Jaypee Cement Hockey (India) Limited
31. Think Different Enterprises Private Limited w.e.f. 03rd March, 2015

c) Key Management Personnel

Sh. V.K. Sharma - Managing Director

Sh. Sudhir Rana - Chief Financial Officer w.e.f. 01.11.2014

Ms. Suman lata - Company Secretary till 01.10.2014

2. Transactions carried out with related parties referred to above in ordinary course of business:

Transaction related to parties referred in "1 "above

(Rupees in Lakhs)

Particulars	Related party	Figures as at the end of current reporting period 31.03.2015	Figures as at the end of current reporting period 31.03.2014
Receipts			
Share Capital Equity (including Security Premium)	Referred in (a) above		–
Share Capital Preference (including Security Premium)	Referred in (b) above	1,875	7,000
Preference Share Application Money	Referred in (b) above		1,875
Sale and other receipts	Referred in (b) above		7
Expenditure			
Salary	Referred in (c) above	115.34	109
Car hire charges*	Referred in (c) above	3.60	3
Interest on Short term loan	Referred in (b) above		–
Loan repayment	Referred in (b) above		–
Reimbursement towards expenses	Referred in (b) above	407	464
Purchase of Cement & products	Referred in (b) above	93	135
Purchase of Power	Referred in (b) above	16,076	1,153
Goods Purchased & Services Received	Referred in (b) above	17	478
Purchase of CPP Spares	Referred in (b) above	293	–
Outstanding Balances			
Receivable	Referred in (b) above	2,116	40
Payable	Referred in (b) above	2,654	921

- (v) In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet.
- (vi) As per the information available to the Company, the Company has no dues to the micro and small enterprises during the year ended March 31st, 2015 and March 31st, 2014.
- (vii) Figures of previous year have been regrouped/recast/ rearranged wherever considered necessary.
- (viii) All figures have been rounded off to the nearest Lakh Rupee.

Significant accounting policies and notes to accounts as per notes 1 & 2

As per our report of even date

For RRCA & Associates
Chartered Accountants
Registration No. 022107N

For and on behalf of the Board

Ravi Kumar
Partner
M. No. 508424

Manoj Gaur
Chairman

Place : Noida **Sudhir Rana** **S.D.Nailwal** **A.K. Jain**
Dated : 25.05.2015 **Chief Financial** **Director** **Vice Chairman**
 Officer **& CEO**

Cash Flow Statement for the Period Ending on 31st March 2015

(₹ in Lacs)

Particulars	Figures for the current reporting period ended 31.03.2015		Figures for the previous reporting period ended 31.03.2014	
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before Tax as per Profit & Loss Account		1,902		514
Add:				
Interest Paid	16,669		6,131	
Depreciation	5,278	21,947	94	6,225
Net Profit/(Loss) before Working Capital Changes		23,849		6,739
Deduct:				
(a) Increase in Inventories	—		2,799	
(b) Increase in Short Term Loan & Advances	3,127		—	
(c) Increase in Trade Receivables	80,247		54,935	
(d) Decrease in Other Current Liabilities	8,917		—	
(e) Increase in Long Term Loan & Advances	1		—	
(f) Increase in Other Current Assets	81		940	
		92,373		58,674
		(68,524)		(51,935)
Add:				
(a) Increase in Trade Payables	68,941		15,241	
(b) Increase in Other Current Liabilities	—		16,938	
(c) Decrease in Short Term Loan & Advances	—		1,969	
(d) Decrease in Long Term Loan & Advances	—		993	
(e) Decrease in Inventories	4,358		—	
(f) Increase in Long Term Provisions	273		24	
(g) Increase in Short Term Provisions	303	73,874	2	35,167
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES "A"		5,350		(16,768)
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Outflow:				
(a) Investment in Fixed Assets (including Capital work in Progress and Incidental Expenditure Pending allocation)	3,158	3,158	27,721	27,721
NET CASH USED IN INVESTING ACTIVITIES "B"		(3,158)		(27,721)
(C) CASH FLOW FROM FINANCING ACTIVITIES:				
Inflow:				
(a) Increase in Share Capital	—		3,500	
(b) Increase in Share Application Money	—		1,875	
(c) Increase in Reserve & Surplus	—		3,500	
(d) Increase in Long Term Borrowings	14,492		5,000	
(e) Increase in Short Term Borrowings	3,623	18,115	37,387	51,262
Outflow:				
(a) Decrease in Long Term Borrowings	—		1,875	
(b) Interest Paid	16,669	16,669	6,131	8,006
NET CASH FROM FINANCING ACTIVITIES "C"		1,446		43,256
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS "A+B+C"		3,638		(1,233)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		3,052		4,285
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		6,691		3,052

For RRCA & Associates
Chartered Accountants
Registration No. 022107N

For and on behalf of the Board

(Ravi Kumar)
Partner
M. No. 508424

(Manoj Gaur)
Chairman

Place : Noida
Dated : 25.05.2015

(Sudhir Rana)
Chief Financial Officer

(S.D.Nailwal)
Director

(A.K. Jain)
Vice Chairman & CEO

KANPUR FERTILIZERS & CEMENT LIMITED

CIN: U24233UP2010PLC040828

Registered Office: Sector-128, NOIDA-201304 (U.P.)

Telephone: +91 (120) 4609000, 2470800; Fax no. +91(120)4609464, 4609496

ATTENDANCE SLIP

DP ID		FOLIO NO./CLIENT ID		No. of shares	
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Name(s) and address of the member/proxy in full : _____
I/We hereby record my/our presence at the 5th Annual General Meeting of the Company to be held on **31st October, 2015** at **12.00 Noon** at the **Jaypee Public School**, Sector-128, NOIDA- 201304 (U.P.)

☐

MEMBER

☐

PROXY

Signature of Member/Proxy

KANPUR FERTILIZERS & CEMENT LIMITED

CIN: U24233UP2010PLC040828

Registered Office: Sector-128, NOIDA-201304 (U.P.)

Telephone: +91 (120) 4609000, 2470800; Fax no. +91(120)4609464, 4609496

FORM NO.MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	CIN: U24233UP2010PLC040828
Name of the Company	KANPUR FERTILIZERS & CEMENT LIMITED
Registered Office	Sector 128, NOIDA 201 304 (U.P.), India Telephone: +91 (120) 4609000, 2470800; Fax no. +91(120)4609464, 4609496

Name of the member(s)

Registered Address	
E-Mail ID	
Folio/ DP ID - Client Id no.	

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint

1)	Name:			
	Address:			
	e-mail Id:		Signature	

or failing him

2)	Name:			
	Address:			
	e-mail Id:		Signature	

or failing him

3)	Name:			
	Address:			
	e-mail Id:		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **5th Annual General Meeting** of the Company, to be held on **31st October, 2015** at 12:00 Noon at **Jaypee Public School**, Sector 128, Noida 201 304 (U.P.), India, and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business	
1	To receive, consider & adopt the Audited Balance Sheet as at 31st March, 2015 , the Statement of Profit & Loss for the year ended on that date and the Reports of Directors and Auditors thereon.
2	To appoint a Director in place of Shri R. K. Pandey (DIN: 00190017) , who retires by rotation and, being eligible, offers himself for re-appointment.
3	To appoint a Director in place of Shri S.D.M. Nagpal (DIN: 00131037) , who retires by rotation and, being eligible, offers himself for re-appointment.
4	To ratify the appointment of M/s. RRCA & Associates, Chartered Accountants, New Delhi (Firm Regn. No. 022107N) , as Statutory Auditors of the Company.
Special Business	
5	Rectification of Remuneration of M/s. Kabra & Associates, Cost Accountants, (Firm's Regn. no. 0075) of the Company
6	Appointment of Shri S. C. K. Patne (DIN: 00616104) , as an Independent Director of the Company
7	Appointment of Shri K. C. Ganjwal (DIN: 03558443) , as an Independent Director of the Company
8	Appointment of Ms. Sunita Joshi (DIN: 00025720) , as an Independent Director of the Company

Signed this ____ day of _____, 2015

Signature of Member :



Signature of Proxy holder(s) :

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a member of the Company

If undelivered please return to:

**KANPUR FERTILIZERS
& CEMENT LIMITED**

Registered & Corporate Office :- Sector-128, Noida-201 304, Distt. Gautam Budh Nagar (U.P.)
Tel. +91-120-4609000, **Fax:** +91-120-4609496