

Annual Report 2015-16

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

Registered Office

CIN:U24233UP2010PLC040828
Sector 128, Noida 201 304 (U.P.)
Tel:: +91 120 4609000; Fax: +91 120 4963122
Website : www.jalindia.com

Statutory Auditors

M/s Ravi Rajan & Co.,
Chartered Accountants, 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

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NOTICE

Notice is hereby given that the **6th Annual General Meeting** of the Members of **KANPUR FERTILIZERS & CEMENT LIMITED** will be held on **Friday, the 30th September, 2016, at 3.00 P.M. at Jaypee Public School, Sector-128, Noida- 201304 (U.P.)** to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2016 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri Manoj Gaur (DIN: 00008480)**, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Shri Ajay Sharma (DIN: 01331686)**, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri Sunny Gaur (DIN: 00008293)**, who retires by rotation and, being eligible, offers himself for re-appointment.

5. Appointment of Statutory 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, 141, 142 and other applicable provisions, of the Companies Act, 2013, if any, read with the Companies (Audit and Auditors) Rules, 2014, **M/s. Ravi Rajan & Co., Chartered Accountants, New Delhi (Firm Regn. No. 009073N)** be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 11th AGM of the Company to be held in the year 2021, subject to ratification of their appointment at every AGM on such remuneration as may be decided by the Audit Committee of Board of Directors of the Company."

Special Business:

6. 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 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder as amended from time to time, the remuneration payable to **M/s. Kabra & Associates, Cost Accountants, New Delhi (Firm Regn. No. 000075)** appointed by the Board of Directors, to conduct the audit of the cost records of the Company, for the Financial Year ending on 31st March, 2017, 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."

Regd. Office:-
Sector-128,
Gautam Budh Nagar
Noida- 201304, (U.P.)

By Order of the Board of Directors

Place : Noida
Date : 27th May, 2016

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

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 IN FORM NO. MGT-11 IS ENCLOSED.

A Person can act as the proxy on behalf of the Members not exceeding 50 (Fifty) and holding in the aggregate, not more than 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 for 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. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Resolution set out under Item No. 6 is annexed hereto.
5. All relevant documents referred to in the Notice are open for inspection by the members during 11.00 A.M. to 1.00 P.M. at the Registered Office of the Company on all working days, up to the date of the Annual General Meeting.
6. The Register of Members and Share Transfer Books will remain closed from **Saturday the 24th September, 2016 to Friday the 30th September 2016** (both days inclusive) for the purpose of Annual General Meeting.
7. 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. Members holding shares in electronic form are requested to notify the change in address or bank details to their respective Depository Participants.
8. 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 electronic transfer, savings in stamp duty, prevention of forgery etc.
9. Members can avail of the nomination facility in terms of Section 72 of the Companies Act, 2013, 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.
10. 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 demat form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company or the Company's RTA i.e. Alankit Assignments Ltd.

11. 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 and
- (b) **Note that no gifts/ coupons shall be distributed at the Annual General Meeting.**

12. 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.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned under Item No. 6 of the accompanying Notice:

Item No. 6

The Board, on the recommendation of the Audit Committee, in its Meeting held on 27th May, 2016, approved the appointment and remuneration of M/s Kabra & Associates (Firm Regn. No.

000075), as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2017.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for ratification of Audit fees amounting to Rs. Two Lakh, payable to the Cost Auditors for conducting audit of the Cost Records of the Company for the Financial Year ending 31st March, 2017.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, financially or otherwise, concerned or interested in this Resolution.

The Board recommends the Resolution Set forth at Item No. 6 of the Notice for approval of the members as an **Ordinary Resolution**.

Regd. Office:-
Sector-128,
Gautam Budh Nagar
Noida- 201304, (U.P.)

By Order of the Board of Directors

Place : Noida
Date : 27th May, 2016

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

DIRECTORS' REPORT

To,

The Members,

The Directors of your Company are pleased to present the **6th Annual Report** together with the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2016.

1. FINANCIAL HIGHLIGHTS

The working results of the Company for the year under Report are as under:

(Rs. in Crores)

	Year ended 31.03.16	Year ended 31.03.15
(A) PROFITABILITY		
1 Total Revenue during the year	2421.70	2,614.71
2 Total Expenses (except Depreciation/ Finance Costs)	2189.49	2380.60
3 Finance Costs	139.42	162.31
4 Depreciation & Amortization Expenses	72.63	52.78
5 Total Expenses (2+3+4)	2401.54	2595.69
6 Exceptional/Extra-ordinary Items	0	0
7 Profit/(Loss) before Tax	20.16	19.02
8 Profit / (Loss) after Tax	13.65	12.63
(B) LIABILITIES & ASSETS		
1 Share Capital	352.46	308.96
2 Reserves & Surplus	413.90	468.61
3 Non Current Liabilities	333.98	429.75
4 Current Liabilities	1437.57	1526.25
5 Total Equity & Liabilities (1+2+3+4)	2537.91	2733.57
6 Non Current Assets	1107.68	1148.80
7 Current Assets	1430.23	1584.77
8 Total Assets (6+7)	2537.91	2733.57

2. OPERATIONAL PERFORMANCE

The Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated 16.01.2012, has Sanctioned the Scheme of Rehabilitation of the Fertilizer Undertaking of Duncan Industries Limited (DIL). The Fertilizer Undertaking of DIL was demerged in Kanpur Fertilizers & Cement Limited (KFCL) pursuant to the Scheme of arrangement under Section 18(6A) & 18(7) of Sick Industrial Companies (Special Provisions) Act, 1985.

The Company has successfully renovated, refurbished, revamped and revive the Fertilizer Plant, discharged the liabilities, and complied with the obligations under the Sanctioned Scheme.

The commercial operations at the Fertilizer Plant commenced w.e.f. 01st June, 2014. All three Urea/ Ammonia streams, four bagging lines in bagging plant, two boilers having capacity of 70 TPH each & one boiler with the capacity of 35 TPH, AFBC boiler, Hydrolyser stripper unit for treating nitrogenous effluent and ETP are operating satisfactorily.

During the year under Report, Urea production of the Company was 7.17 lakh MT. The Plant showed an improved performance

over the previous year. During the year under Report, there is no change in the nature of business of the Company.

Except as disclosed elsewhere in this Report, no material changes and commitments have occurred after the end of the Financial Year 2015-16, till the date of this Report, which may affect the financial position of the Company.

3. DIVIDEND

In order to conserve resources, the Directors of your Company express their inability to recommend any dividend for the financial year ended 31st March, 2016.

4. CHANGES IN SHARE CAPITAL

During the year under Report, there was no change in the Authorized Share Capital of the Company. As on 31st March, 2016 the total Authorized Share Capital of the Company was Rs. 1200,00,00,000 (Rupees Twelve hundred crores) divided into 82,50,00,000 Equity Shares of Rs. 10/- each and 35,00,00,000 Convertible Preference Shares of Rs. 10/- each and 2,50,00,000 Cumulative Redeemable Preference Shares of Rs. 10/- each.

The total Paid-up Share Capital of the Company as on 31st March, 2016 was Rs. 352,45,72,250/- (Rupees Three hundred fifty two crores fourty five lakh seventy two thousand two hundred and fifty) comprising of 20,05,82,225, Equity Shares of Rs. 10/- each and 14,28,75,000, Convertible Preference Shares of Rs. 10/- each and 90,00,000 Cumulative Redeemable Preference Shares of Rs. 10/- each.

During the year the Company has issued 5,25,00,000, Convertible Preference Shares of Rs. 10/- each and redeemed 90,00,000 Cumulative Redeemable Preference Shares of Rs. 10/- each.

During the year under Report, your Company has not issued any shares under the employee stock option schemes, sweat equity shares or any equity shares with differential rights, as to dividend, voting or otherwise. Further, the Company has not bought back its own securities, during the year under Report.

5. TRANSFER TO RESERVES

During the period under Report, the Company has transferred a sum of Rs. 28,16,39,575/- (Rupees Twenty Eight Crore Sixteen Lakh Thirty Nine Thousand Five Hundred Seventy Five only) to Security Premium Redemption Reserve Account to make provision for payment of premium to the Preference Shareholders at the time of redemption of preference shares.

6. SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any Subsidiary Company within the meaning of Section 2(87) of the Companies Act, 2013, Associate Company within the meaning of Section 2(6) of the Companies Act, 2013 and also does not have any Joint Venture Company.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

- In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Manoj Gaur, Chairman, Shri Ajay Sharma and Shri Sunny Gaur, Directors of the Company would retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.
- Shri A.K. Jain, Director was appointed as Vice-Chairman of the Company with effect from 24th April, 2015 and was appointed as Chief Executive Officer of the Company with effect from 25th May, 2015.
- Shri V.K. Sharma ceased to be the Managing Director,

consequent upon his resignation with effect from 24th April, 2015. The Board places on record its appreciation for the valuable contribution made by him during his tenure as Managing Director of the Company.

- D. Shri Mahesh Mahani was appointed as Company Secretary with effect from 22nd June, 2015. Consequent upon his resignation, he ceased to be the Company Secretary with effect from 19th February, 2016.

7.1 Declaration of Independence

The Company has received the declarations of Independence from the Independent Directors of the Company confirming that they meet the criteria of independence, as prescribed under Section 149(6) of the Companies Act, 2013.

7.2 Meeting of Independent Directors

The meeting of the Independent Directors was held during the year without the presence of Executive Directors or Management Personnel. Such meeting was conducted to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views.

7.3 Performance Evaluation

A performance evaluation of the Board, its Committees and individual Directors including the Independent Directors was carried out by the Board of Directors, pursuant to the provisions of the Companies Act, 2013, on the criteria and framework adopted by the Board.

The Board of Directors evaluated the performance of the Board, as a whole and of its Committees after seeking inputs from the Directors and from the members of the Committee(s) respectively, on the composition and structure, effectiveness of processes, information and functioning, etc. Further, the Board (excluding the Director being evaluated) evaluated the performance of individual directors on criteria such as participation/ contribution at the Board/Committee Meetings; general understanding of the Company's business dynamics etc. The Board noted satisfactory performance of the Board, its Committees and the individual Directors.

In addition to the criteria of evaluation for all Directors, which is common for evaluation of both Independent and Non-executive directors, an Independent director was also evaluated on parameters including, exercise of objective independent judgment in the best interest of Company; ability to contribute to and monitor corporate governance practice; and adherence to the code of conduct by independent directors. The evaluation for the year under Report has been completed.

8. MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met four times during the Financial Year 2015-16, on 25th May, 2015, 21st September, 2015, 31st October, 2015 and 7th February, 2016. The maximum interval between the two Board Meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

9. COMMITTEES OF THE BOARD

To provide detailed and necessary assistance in the Company's matters, the Board has constituted four committees. The Board has a defined set of guidelines and an established framework for conducting the meetings of the said Committees. These guidelines seek to systematize the decision making process at the meetings in an informed and efficient manner.

I. Audit Committee

A. Constitution

The constitution of the Audit Committee comprising of Shri S.C.K. Patne as Chairman; Shri K.C. Ganjwal and Shri R.K.

Pandey as members is in conformance with the requirements of Section 177 of the Companies Act, 2013. All the members of the Committee have adequate knowledge of financial and accounting matters.

B. Terms of Reference

Role of the Audit Committee, inter alia, includes the following:

- i. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Disclosure of any Related Party Transactions.
 - f) Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- vi. Review and monitor the auditor's independence and performance and effectiveness of audit process;
- vii. Examination of Financial Statements and the Auditors' Report thereon;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
- xiii. Formulating the scope, functioning, periodicity and methodology for conducting the internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow-up thereon;
- xv. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- xvi. Reviewing the following information:
 - a) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;

- b) Internal audit reports relating to internal control weaknesses; and

xvii. Carrying out any other function as mentioned in terms of reference of the audit committee.

II. Nomination and Remuneration Committee

A. Constitution

The constitution of the Nomination and Remuneration Committee comprising of Shri K. C. Ganjwal as Chairman; Shri S.C.K. Patne and Shri S.D.M. Nagpal as members is in conformance with the requirements of Section 178 of the Companies Act, 2013.

B. Terms of Reference

Role of the Nomination and Remuneration Committee, inter alia, includes the following:

- i. Identify persons who are qualified to become directors or senior management employees and recommend to the Board their appointment/ removal;
- ii. Evaluate every Director's performance;
- iii. Formulate criteria for determining qualifications, positive attributes and independence of a Director;
- iv. Recommend to the Board a policy relating to remuneration for the Directors, KMPs & other employees;
- v. To approve the extension or continuation of terms of appointment of Independent Directors on the basis of their performance evaluation;
- vi. To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- vii. Chairman of the Committee or any member authorised by him to attend all General Meetings of the Company;
- viii. To perform such other functions as may be necessary or appropriate for the performance of its duties;

C. Nomination & Remuneration Policy

In terms of Section 178(3) of the Companies Act, 2013 read with Rules framed thereunder, the Board on recommendation of Nomination and Remuneration Committee adopted a Nomination & Remuneration Policy which, inter-alia, enumerates directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters as provided therein. The said 'Nomination and Remuneration Policy' is annexed herewith as **ANNEXURE I** to this Report.

III. Corporate Social Responsibility (CSR) Committee

A. Constitution

The constitution of the CSR Committee comprising of Shri A.K. Jain as Chairman, Shri S.C.K. Patne and Ms. Sunita Joshi as Members is in conformance with the requirements of Section 135 of the Companies Act, 2013.

B. Terms of Reference

The CSR Committee is constituted by the Board to primarily assist the Board in discharging the Company's social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy' and to recommend the amount of expenditure to be incurred on CSR activities.

C. CSR Policy

The Corporate Social Responsibility Policy (CSR), as recommended by the CSR Committee, has been approved by the Board. Following CSR activities are prescribed in the CSR

Policy are in line with the provisions of the Companies Act, 2013:

- i. Promoting healthcare, including preventive healthcare;
- ii. Eradicating hunger, poverty & malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh setup by the Central Government for the promotion of sanitation, and making available safe drinking water;
- iii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects;
- iv. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- v. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- vi. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immune deficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- vii. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga;
- viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- ix. Measures for the benefit of armed forces veterans, war widows & their dependents;
- x. Training to promote rural sports, nationally recognised sports, paralympic sports & olympic sports;
- xi. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio economic development & relief & welfare of the scheduled castes, scheduled tribes, other backward classes, minorities & women;
- xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii. Rural development projects, including slum area development;
- xiv. Such other activities within the purview of Schedule VII of the Companies Act, 2013 as the CSR Committee deems fit.

Corporate Social Responsibility initiatives

The financial data pertaining to the Company's CSR activities undertaken during the Financial Year ended 31st March, 2016 is presented in the prescribed format as **ANNEXURE II** to this Report.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors, based on the representation received from the operating management, certification by CEO and CFO to the Board of Directors and after due enquiry, confirm in respect of the Audited Annual Accounts for the year ended 31st March, 2016 that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have 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 Financial Year ended 31st March, 2016 and the profit and loss of the Company for the year ended on that date;
- c) the Directors have 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;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively and the same are being strengthened on continuous basis from time to time.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not given any loan, guarantees provided any security and made any investments as prescribed under Section 186 of the Companies Act, 2013 except investment in Security Deposit with Govt. & Public Bodies and others aggregating to Rs. 6 lakh.

12. RELATED PARTY TRANSACTION

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and all the related party transactions have been entered in accordance thereof and were in the ordinary course of business and at arm's length. Form AOC- 2, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, is annexed as **ANNEXURE III** to this Report.

Disclosure of transactions with related parties, as required in Accounting Standard – 18, is set out in Note No. 2.28(iv) of the Financial Statements.

13. AUDITORS' AND AUDITORS' REPORT

I. Statutory Auditors

M/s. RRCA & Associates, Chartered Accountants, New Delhi (Firm Registration No. 022107N) were appointed as Statutory Auditors of the Company to hold the office till the conclusion of the 6th Annual General Meeting (AGM). However in view of merger of M/s RRCA & Associates with M/s Ravi Rajan & Co., Chartered Accountants, the Board of Directors in its meeting held on 7th February, 2016 appointed M/s Ravi Rajan & Co., Chartered Accountants (Firm Registration No. 009073N) as Statutory Auditors of the Company for the Financial Year 2015-16 who comply the criteria specified under Section 139 of the Companies Act, 2013.

The Board, on recommendation of the Audit Committee appointed M/s Ravi Rajan & Co., Chartered Accountants (Firm Registration No. 009073N) as Statutory Auditors of the Company in terms of Section 139(2) of the Companies Act, 2013, for a period of five years i.e. till the conclusion of 11th AGM of the Company to be held in the year 2021, subject to ratification of their appointment at every AGM. The matter relating to the Auditors' appointment has been included in the Notice of the

6th AGM of the Company. M/s Ravi Rajan & Co., have confirmed their eligibility to the effect that their appointment would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Notes to financial statements referred to in the Auditors' Report are self-explanatory and therefore do not require any further comments. The Auditors' Report on financial statements for the Financial Year ended 31st March, 2016, does not contain any qualification, reservation or adverse remark.

During the year under Report, no frauds were reported by the Auditors under second proviso to Section 143 (12) of the Companies Act, 2013.

II. Secretarial Auditors

The Board of Directors have appointed M/s SGS & Associates, Practicing Company Secretary to conduct the secretarial audit of the Company for the Financial Year ended 31st March, 2016 as required under Section 204 of the Companies Act, 2013 and Rules made thereunder.

The Secretarial Audit Report for the Financial Year ended 31st March, 2016 is annexed as **ANNEXURE IV** to this Report. 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. 19th February, 2016 and the new incumbent is yet to join.

Management's Reply

Shri Mahesh Mahani was ceased to the Company Secretary of the Company w.e.f. 19th February, 2016 due to his resignation. The Company is taking necessary action for appointment of new Company Secretary in his place.

III. Cost Auditors

The Board of Directors have appointed M/s Kabra & Associates, Cost Accountants (Firm Registration No. 000075), as the Cost Auditors of the Company to conduct audit of the cost records for the Financial Year 2016-17 as required under Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014. They have submitted a certificate certifying their independence and arm's length relationship with the Company. Pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders at the ensuing AGM and has been included in the Notice of the 6th AGM of the Company.

IV. Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, M/s M.S. Pothal & Associates, Chartered Accountants were appointed as the Internal Auditors to conduct the Internal Audit of the Company for the Financial Year 2015-16.

14. RISK MANAGEMENT

The Board of Directors is responsible for identifying, evaluating and managing all significant risks and uncertainties that can impact the Company. The Risk Management Policy, as approved and adopted by the Board alongwith the Company's overall Risk Management System and processes thereto, govern how the associated risks are identified, managed and addressed.

15. FIXED DEPOSITS

The Company has neither invited, nor accepted or renewed any fixed deposit during the period under Report in terms of Section

73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

16. VIGIL MECHANISM

The Company has, in terms of the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, formulated a Vigil Mechanism Policy to maintain an open work environment in which the directors and the employees are able to report instances of any genuine concerns/grievances about any suspected or actual misconduct/malpractice/fraud/unethical behavior without fear of intimidation or retaliation, to the Chief Executive Officer or in exceptional cases to the Chairman of the Audit Committee.

17. ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has put in place an adequate system of internal financial controls with reference to its financial statements. During the year under Report, no material or serious observation has been received from the Internal Auditor of the Company for insufficiency or inadequacy of such controls.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo, as stipulated under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed as **ANNEXURE V** to this Report.

19. EXTRACT OF ANNUAL RETURN

As provided under Section 134 (3) (a) of the Companies Act, 2013, the extract of Annual Return for the Financial Year ended 31st March, 2016, given in **ANNEXURE VI** in the prescribed Form MGT-9 which forms part of this Report.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS & COURTS

During the year under Report, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

21. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under Report, no complaints were received by the Company.

22. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing names and other particulars of the employees drawing remuneration in excess of the prescribed limits is annexed as **ANNEXURE VII** to this Report.

23. ACKNOWLEDGEMENT

The Board of Directors express their gratitude for the valuable support extended by the Government of Uttar Pradesh, Board for Industrial & Financial Reconstruction (BIFR), Ministry of Chemicals & Fertilizers, Kanpur Electricity Supply Co. Ltd., GAIL (India) Limited, 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

places on record its appreciation to the team work, commitment and unstinting efforts of the employees of all levels for revival and successful operation of the Fertilizer Plant at Kanpur.

For and on behalf of the Board of Directors

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

Place : Noida

Date : 27th May, 2016

ANNEXURES TO THE BOARDS' REPORT

ANNEXURE-I

NOMINATION AND REMUNERATION POLICY

A. Policy for selection of Directors and determining Directors' Independence

1. Introduction

1.1 Kanpur Fertilizers & Cement Limited (KFCL) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, KFCL ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise, experience and commitment to discharge their responsibilities and duties effectively.

1.2 KFCL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. KFCL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. Scope and Exclusion

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. Terms and References

In this Policy, the following terms shall have the following meanings:

3.1 "Director" means a director appointed to the Board of a company.

3.2 "Nomination and Remuneration Committee" means the committee constituted by KFCL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.

3.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.

4. Policy

4.1 Qualifications and criteria

4.1.1 The Nomination and Remuneration Committee (NRC), and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.

4.1.2 In evaluating the suitability of individual Board members, the NRC may take into account factors, such as: General understanding of the Company's business dynamics and social perspective; Educational and professional

background standing in the profession; Personal and professional ethics, integrity and values; Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013 and other relevant laws.

4.1.4 The NRC shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

4.2.1 The NRC shall assess the independence of Directors at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013 is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b.
 - (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover

or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

- e. who, neither himself nor by any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
 - f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
 - g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
 - h. who is not less than 21 years of age.
- 4.2.3 The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.**
- 4.3 Other directorships/committee memberships**
- 4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other companies in such a way that it does not interfere with their role as directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.**
- 4.3.2 A Director shall not serve as Director in more than 20**

companies of which not more than 10 shall be Public Limited Companies.

4.3.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.

4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

B. Remuneration Policy for Directors, Key Managerial Personnel and other employees

1. Introduction

Kanpur Fertilizers & Cement Limited (KFCL) recognizes the importance of aligning the business objectives with specific and measureable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the Objectives of ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.

2. Scope and Exclusion:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

3.1 "Director" means a director appointed to the Board of the Company.

3.2 "Key Managerial Personnel" means

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed under the Companies Act, 2013

3.3 "Nomination and Remuneration Committee" means the committee constituted by KFCL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.

4. Policy:

4.1 Remuneration to Executive Directors and Key Managerial Personnel.

4.1.1 The Board, on the recommendation of the Nomination and remuneration Committee (NRC), shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

4.1.2 The Board, on the recommendation of the NRC shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

4.1.3 The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Retirement benefits

4.1.4 The Annual Plan and Objectives for Executive Directors and Senior Executives (Executive Committee) shall be reviewed by the NRC and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

4.2 Remuneration to Non-Executive Directors

4.2.1 The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders.

4.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.

4.3 Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

ANNEXURE II

A statement containing details of Corporate Social Responsibility expenditure incurred by the Company during the Financial Year 2015-16 is placed below:

1.	Average Net profits of the Company for the last three Financial Years	:	Rs. 722.33 Lacs
2.	Prescribed CSR expenditure of the average Net profits	:	Rs. 14.45 Lacs
3.	Details of amount spent towards CSR during the Financial Year	:	Rs. 14.74 Lacs
	a) Total amount to be spent for the Financial Year	:	Rs. 14.45 Lacs
	b) Amount unspent, if any	:	NIL
	c) Manner in which the amount spent during the Financial Year is detailed below:		

(Rupees in Lacs)

S. No.	CSR Project or activity identified	Sector in which the project is covered	State & District where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	Contribution to old age home	Setting up old age home	Swaraj Vridh Ashram, Panki, Kanpur, (U.P.)	1.00	1.00	1.00	Implementing through Agency
2	Contribution to blind school	Education	Jyoti Bal Vikas Sanstha, Kakedeo, Kanpur U.P.	0.50	0.50	0.50	Implementing through Agency
3	Distribution of Medicine to poor people	Health care	Villages at Kanpur: Chkarpur, Sarai Mita, Sona	0.70	0.71	0.71	Directly
4	Construction of Twin Laterine in slum areas	Sanitation facilities	Villages at Kanpur: Rampur Khas, sarai Mita, kaında Akbarpur, Sona, Ptarsa etc.	8.50	8.47	8.47	Directly
5	Installation of Hand pumps in slum areas	Making available safe drinking water	Villages at Kanpur: Rampur Khas, Sarai Mita, kaında Akbarpur, Sona, Ptarsa etc.	4.00	4.06	4.06	Directly
	Total			14.70	14.74	14.74	

ANNEXURE -III
FORM NO. 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 arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts/arrangements/transactions with related parties during the financial year 2015-16, which were not at arms' length basis.

Sl. No	Particulars	Details
a	Name(s) of the related party and nature of relationship	N.A.
b	Nature of contracts/arrangements/ transactions	N.A.
c	Duration of the contracts / arrangements/ transactions	N.A.
d	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
e	Justification for entering into such contracts or arrangements or transactions	N.A.
f	Date(s) of approval by the Board	N.A.
g	Amount paid as advances, if any	N.A.
h	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	N.A.

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No	Particulars	Details
a	Name(s) of the related party and nature of relationship	N.A.
b	Nature of contracts/arrangements/ transactions	N.A.
c	Duration of the contracts/arrangements/ transactions	N.A.
d	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
e	Date(s) of approval by the Board	N.A.
f	Amount paid as advances, if any	N.A.

For and on behalf of the Board of Directors

Place : Noida
Date : 27th May, 2016

MANOJ GAUR
(CHAIRMAN)
(DIN: 00008480)

ANNEXURE-IV
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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate

KANPUR FERTILIZERS & CEMENT LIMITED

practices by **M/S KANPUR FERTILIZERS & CEMENT LIMITED** (hereinafter called the **company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 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;
- (b) The Listing Agreements entered into by the Company with Stock Exchanges. **(Not applicable to the Company during the audit period)**

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

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

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

The Company Secretary had resigned w.e.f. 19th February, 2016 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.

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

For SGS ASSOCIATES

Company Secretaries

D.P. Gupta

Date : 27.05.2016

Place : New Delhi

Membership Number FCS 2411

Certificate of Practice No. 1509

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

Annexure - A

To,

The Members

Kanpur Fertilizers Limited

Sector-128, Noida – 201304

Distt. Gautam Budh Nagar, Uttar Pradesh

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

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

For SGS ASSOCIATES

Company Secretaries

D.P. Gupta

Date : 27.05.2016

Place : New Delhi

Membership Number FCS 2411

Certificate of Practice No. 1509

(A) CONSERVATION OF ENERGY
The steps taken or impact on conservation of energy;

The steps taken and impact on conservation of energy in **Ammonia Plant**

	Steps taken	Impact on conservation of energy
1.	New NG pre heater in Ammonia-2.	The low grade steam from condensate stripper being svented to atmosphere has been utilised for pre-heating Natural Gas, thus saving NG fuel for reformer furnace.
2.	Replacement of old electric motors to more efficient motors.	Power Saving
3.	Conversion of redundant old HDS vessels to store N2 at high pressure.	<ul style="list-style-type: none"> • The procurement of liquid nitrogen from the market has almost been stopped. • Capital saving for using the redundant equipments.
4.	1350 KVAR, 11KV capacitor banks used in power system to improve power factor of grid.	Electrical energy saving
5.	Introduction of energy saver in plant lighting	Electrical energy saving
6.	Introduction of 2 out of 3 logic in plant ESD System.	Increase in reliability of plant operation by eliminating spurious stoppages.

The steps taken and impact on conservation of energy in Urea Plant

1.	Casale trays installed in urea A & B Reactor	Steam consumption of urea A & B Plant has come down by 8.0 MT /HR.
2.	CO2 storage tank & unloading system.	Increase of Urea production & reduction in Ammonia stock.
3.	(a) Fresh Cooling water provided in all the four heat Exchangers of ARA in Urea A&B Plant.	NH3 Absorption improved in ARA, resulting into reduction in NH3 losses through inert gas Vent.
4.	Installation of Spray nozzles in Dust chamber of Urea B Plant.	Reduction in Urea Dust losses from Prilling tower, therefore, urea Recovery from Dust chamber of Urea-B plant increased.
5.	New steam line provided directly from the CPP steam header to increase Steam ejector inlet steam pressure in Urea A plant.	Crystal density improved & loads / Amps on centrifuge have reduced.
6.	(a) Inter connection Of Urea-A, B & C plant Carbamate tank.	Urea losses have reduced as solution can be transferred from one plant to another plant in case of disturbance in any plant.
7.	(b) New Carbamate tank installed in Urea-C plant.	
	GA 406 (ARA water pump) reciprocating Pump replaced with centrifugal pump.	Maintenance frequency has come down & reliability of the pump and stability of ARA has increased.

The steps taken and impact on conservation of energy in Service Boilers Plant

1.	Installation of one new AFBC Boiler, having efficiency of 80% replacing low efficient existing boilers.	• Specific coal consumption reduced from 0.25 to 0.164 te/te of steam produced.
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The capital investment on energy conservation equipments;

The capital investment on energy conservation equipments is Rs.15.32 crores

(B) DETAILS OF FOREIGN EXCHANGE OUTFLOW

Particulars	Financial Year
a) Payment to Suppliers	Rs. 1113 Lakhs
b) Travelling	Nil

FORM NO. MGT – 9

Extract of Annual Return

 as on the Financial Year ended on 31st March, 2016

 [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/Indian Non-Government Company
Address of the Registered office and contact details	Sector- 128, NOIDA- 201304, Uttar Pradesh-201304
Whether Listed Company	No
Name, Address and Contact Details of Registrar and Transfer Agent, if any	Alankit Assignments Limited Regd. Office: 205-208 Anarkali Complex, Jhandewalan Extn., New Delhi-110055 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 manufacture, import, sell, distribute, deal, agents, merchants and prepare 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. Sector-128, District Gautam Budh Nagar, Noida-201304	U24233UP2010PTC040827	Holding	58.24*	2(46)

* Percentage of Shares based on total Equity & Convertible Preference Share Capital issued by the Company.

IV) SHAREHOLDING PATTERN (Equity Share Capital break up as % to total Equity)
i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year i.e 01.04.2015				No. of Shares held at the end of the year i.e. 31.03.2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A) Promoters									
1) Indian									
a) Individual/HUF*	0	50,000	50000	0.02	0	50,000	50000	0.02	0
"b) Central Govt. or State Govt."	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	200,000,000	0	200,000,000	99.71	200,000,000	0	200000000	99.71	0
d) Bank/Fl	0	0	0	0	0	0	0	0	0
e) Any other (specify)- Trusts -Wherein Company is Beneficiary*	0	0	0	0	0	0	0	0	0
Sub Total:- (A) (1)	200000000	50000	200050000	99.73	200000000	50000	200050000	99.73	0
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
Sub Total:- (A) (2)	0	0	0	0	0	0	0	0	0
"Total Shareholding of Promoter									
(A) = (A)(1) + (A)(2)"	200000000	50000	200050000	99.73	200000000	50000	200050000	99.73	0

Category of Shareholders	No. of Shares held at the beginning of the year i.e 01.04.2015				No. of Shares held at the end of the year i.e. 31.03.2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/Fl	13712	5500	19212	0.01	13712	5500	19212	0.01	0
c) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds"	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub Total:-(B)(1):	13712	5500	19212	0.01	13712	5500	19212	0.01	0
(2) Non Institutions									
a) Bodies corporates	0	0	0	0.00	0	0	0	0.00	0
i) Indian	385246	27,515	412,761	0.21	384978	27,410	412,388	0.21	0
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0
b) Individuals	0	0	0	0.00	0	0	0	0.00	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	97442	1020	98462	0.05	97710	1020	98730	0.05	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0.00	0	0	0	0.00	0
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0
i) Non residents Indians	859	0	859	0.00	859	0	859	0.00	0
ii) Trusts	931	0	931	0.00	931	105	1036	0.00	0
iii) OCB									
iv) Foreign Body Corporate									
Sub Total:-(B)(2):	484478	28,535	513,013	0.26	484478	28,535	513,013	0.26	
"Total Public Shareholding (B)= (B)(1) + (B)(2)"	498190	34,035	532,225	0.27	498190	34,035	532,225	0.27	
"C. Shares held by Custodian for GDRs & ADRs"	0	0	0	0	0	0	0	0	0
Grand Total (A + B + C)	200498190	84,035	200582225	100	200498190	84,035	200,582,225	100	0.00

* Beneficial owner is Jaypee Uttar Bharat Vikas Private Limited

ii) Shareholding of Promoters

Sl. No	Shareholders's Name	Shareholding at the beginng of the year i.e.1.04.2015			Shareholding at the end of the year i.e. 31.03.2016			% change in shareholding during the year
		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	
	A. Body Corporate							
1	Jaypee Uttar Bharat Vikas Private Limited	200,000,000	99.71	—	200,000,000	99.71	—	0
	B. Individuals							
1	Shri Manoj Gaur*	8,000	—	—	8,000	—	—	0
2	Shri Suren Jain*	7,000	—	—	7,000	—	—	0
3	Shri Sameer Gaur*	7,000	—	—	7,000	—	—	0
4	Shri S.D. Nailwal*	7,000	—	—	7,000	—	—	0
5	Shri Harish K. Vaid*	7,000	—	—	7,000	—	—	0
6	Shri Raj Sunder Kuchhal*	7,000	—	—	7,000	—	—	0
7	Shri Manmohan Sibbal*	7,000	—	—	7,000	—	—	0
	Sub-Total (B)	50,000	0.02		50,000	0.02		
	Total (A + B)	200,050,000	99.73		200,050,000	99.73		0

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

KANPUR FERTILIZERS & CEMENT LIMITED

iii) Change in Promoters' Shareholding (Specify, if there is no change)

		Shareholding at the beginning of the year i.e.1.04.2015			Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (2015-16)	
Sl. No	Shareholders's Name	No. of shares	% of total shares of the Company	Date			No. of shares	% of total shares of the Company
	A. Body Corporate							
1	Jaypee Uttar Bharat Vikas Private Limited	200,000,000	99.71		–	No Movement	200,000,000	99.71
	B. Individuals							
1	Shri Manoj Gaur	8,000	–		–	No Movement	8,000	–
2	Shri Suren Jain	7,000	–		–	No Movement	7,000	–
3	Shri Sameer Gaur	7,000	–		–	No Movement	7,000	–
4	Shri S.D. Nailwal	7,000	–		–	No Movement	7,000	–
5	Shri Harish Vaid	7,000	–		–	No Movement	7,000	–
6	Shri Raj Sunder Kuchhal	7,000	–		–	No Movement	7,000	–
7	Shri Manmohan Sibbal	7,000	–		–	No Movement	7000	–
	Sub-Total (B)	50,000	0.02				50,000	0.02
	Total (A + B)	200,050,000	99.73				200,050,000	99.73

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. 01.04.2015		Cumulative Shareholding during the year (2015-16)	
	Top 10 Shareholders	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
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	Golcondia 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	6,750	0
7	Andhra Bank Limited	4,500	0	4,500	0
8	Gauri Prasad Goenka	4,048	0	4,048	0
9	Swaran Financial Private Limited	3,606	0	3,606	0
10	Gopal Das Sonkia	3,300	0	3,300	0
	Total	316,048	0.15	316,048	0.15

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Name	Shareholding at the beginning of the year i.e.1.04.2015		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Share holding during the year (2015-16)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Shri Manoj Gaur* Chairman	8,000	0.00	01/04/2015	–	No Movement	8,000	0.00
2	Shri A.K. Jain Vice-Chairman & CEO	Nil	0.00	01/04/2015	–	–	Nil	0.00
3	Shri Sunny Gaur, Director	Nil	0.00	01/04/2015	–	–	Nil	0.00
4	Shri S.D. M. Nagpal, Director	Nil	0.00	01/04/2015	–	–	Nil	0.00
5	Shri R.K. Pandey Director	Nil	0.00	01/04/2015	–	–	Nil	0.00
6	Shri Sunil Joshi, Director	Nil	0.00	01/04/2015	–	–	Nil	0.00
7	Shri S.D. Nailwal* Director	7000	0.00	01/04/2015	–	No Movement	7000	0.00
8	Shri Ajay Sharma, Director	Nil	0.00	01/04/2015	–	–	Nil	0.00
9	Shri S.C.K. Patne, Director	Nil	0.00	01/04/2015	–	–	Nil	0.00
10	Shri K.C. Ganjwal, Director	Nil	0.00	01/04/2015	–	–	Nil	0.00
11	Ms Sunita Joshi, Director	Nil	0.00	01/04/2015	–	–	Nil	0.00

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

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

(In Rs. Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i.e. 01.04.2015				
i) Principal Amount	93111	–	–	93111
ii) Interest due but not paid	0			0
iii) Interest accrued but not due	0			0
Total (i + ii + iii)	93111			93111
Change in Indebtedness during the financial year (2015-16)				
Additions	5242			5252
Reduction	0			0
Net Change	5242			5242
Indebtedness at the end of the financial year i.e. 31.03.2016				
i) Principal Amount	97197	–	–	97197
ii) Interest due but not paid	1156			1156
iii) Interest accrued but not due				
Total (i + ii + iii)	98353			98353

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A) Remuneration to Managing Director, Whole-time Directors and/or Manager

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total
		Shri A.K. Jain* Vice Chairman (CEO)	Shri V.K.SHARMA* (Managing Director)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	5,009,423	3,865,850	8,875,273
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock option			
3	Sweat Equity			
4	Commission			
	as % of profit			
	others (specify)			
5	Others, please specify			
	Total (A)	5,009,423	3,865,850	8,875,273
	Ceiling as per the Act Rs. 1.00 Cr. (being 5% of the net Profits of the Company calculated as per Section 198 of Companies Act, 2013)			

*Notes: Shri A.K. Jain designated was appointed as Vice - Chairman w.e.f. 24th April, 2015 and also appointed as CEO w.e.f. 25th May, 2015

* Shri V.K. Sharma resigned as Managing Director w.e.f. 24th April, 2015

B) Remuneration to other Directors:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors									Total
		Shri S.C.K.Patne	Shri K.C. Ganjwal	Shri S. D Nailwal	Shri Sunny Gaur	Shri Sunil Joshi	Ms Sunita Joshi	Shri Manoj Gaur	Shri S.D.M Nagpal	Shri R.K.Pandey	
1	(a) Fee for attending Board/ Committee Meetings by Independent Directors	55000	50000	0	0	0	0	0	0	0	105000
	(b) Commission										
	(c) Others, please specify										
	Total (1)	55000	50000	0	0	0	0	0	0	0	105000
2	a) Fee for attending Board Committee Meetings by Non Executive Directors	0	0	35000	10000	30000	35000	25000	45000	70000	250000
	(b) Commission										
	(c) Others, please specify.										
	Total (2)	0	0	35000	10000	30000	35000	25000	45000	70000	250000
	Total (B)=(1+2)	55000	50000	35000	10000	30000	35000	25000	45000	70000	355000
	Total Managerial Remuneration (A+B)*										9,230,273.00
	Overall Ceiling as per the Act. Rs. 0.20 Cr. being 1% of the net Profits of the Company calculated as per Section 198 of Companies Act, 2013										

* Total Remuneration to Managing Director, and other Directors (being total A+B)

C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key managerial Personnel		Total
		Shri Sudhir Rana (CFO)	Shri M. Mahani* (CS)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	2,404,164	1,062,433	3,466,597
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	as % of profit			
	others, specify			
5	Others, please specify			
	Total	2,404,164	1,062,433	3,466,597

* Shri Mahesh Mahani was ceased to the Company Secretary of the Company w.e.f. 19th February, 2016 due to his resignation.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

ANNEXURE - VII

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. Employed throughout the Financial Year 2015-16 and in receipt of remuneration aggregating Rs. 60,00,000/- or more per annum

-----None-----

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

Name, Designation, Gross Remuneration, Qualification, Age, Experience (Years), Date of Commencement of employment, Previous Employment, percentage of equity shares held in the Company.

- Shri V.K. Sharma, Managing Director, Rs. 3,865,850, B.E. (Electrical), 63, 41, 24th February, 2011 (resignation from the Board w.e.f. 24th April, 2015), National Fertilizers Limited, 0.00%.
- Shri A.K. Jain, Vice- Chairman & CEO, Rs. 5,009,423, B.E. (Chemical), 67, 44, 25th May, 2015, Jaiprakash Associates Limited, 0.00%.

NOTES:

- Gross remuneration includes Salary, H.R.A., Employer's Contribution to Provident Fund and other perks like Medical Reimbursement, Leave Travel Assistance, Furnishing Allowance, Gratuity and Leave Encashment etc.
- Information about qualifications and last employment is based on particulars furnished by the concerned employee.
- None of the whole-time directors either by themselves or along with their spouse and dependent children holds two percent or more of the equity shares of the Company.
- The nature of employment of employees is regular and is governed as per service rules of the Company. They perform such managerial duties in their respective area of expertise as assigned from time to time.
- The other terms & conditions of each of the above persons are as per the contract/letter of appointment/resolution and rules of 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 and Cements Limited ('the Company'), which comprise the balance sheet as at 31st March, 2016, the statement of profit and loss and the 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 the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 Act, 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 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 the 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 thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 aforesaid financial statements give

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

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

As required by section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company is required to appoint company secretary as KMP. We noted that there is no company secretary as 31st March, 2016.

Further, it has to be indicated that the auditor report is not qualified report in respect of above matter emphasized.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
- As required by Section 143 (3) of the Act, we report that:
 - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - in our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of accounts;
 - in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
 - with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.28 to the financial statements.
 - the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; 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,
Ravi Rajan & Co.,
(Chartered Accountants)
Firm's registration number: 009073N
Ravi Kumar
Partner
Membership number: 508424
Place: New Delhi
Date: 27th May, 2016

Annexure - A to the Auditors' Report

Annexure A referred to Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a policy to verify its fixed assets once in three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The term for verification of fixed assets will be due in FY 2016-17.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are deemed held in the name of company in terms of Paras 4 and 5, Part II of Annexure A of approved scheme of BIFR.
- (ii) (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 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 per records shown 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 information and explanations given to us, the Company has not made loans to directors etc or made investment covered under section 185 and 186 of the Act.
- (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 sections 73 to 76 or other relevant provisions of the Act and Rules framed there under.
- (vi) Based on records and information (including report of cost auditor) 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 and we have relied upon the report submitted by the cost auditor for the FY 2014-15.
- (vii) (a) According to the information and explanations given to us

and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of accounts in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess 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, value added tax, duty of customs, service tax, cess and other material statutory dues except the liability of wealth tax related to financial year 2013-14 and 2014-15 amounting to Rs.76,153/- were in arrears as at 31st March, 2016 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. (For details, refer Note 2.28 to the Financial Statements)

Nature of the Statute	Nature of dues	Amount of Demand (In Lacs)#	Assessment year	Forum where dispute is pending
Income Tax Act, 1961	TDS Demand	9.16	2012-13	CIT (Appeal)
Income Tax Act, 1961	Income Tax Demand	399.28	2013-14	CIT (Appeal)

It is net of the amount deposited against respective demands.

- (viii) In our opinion and according to the information and explanation given by the management and as per the records, the company has not generally defaulted in repayment of dues to financial institution or banks during the year. In addition, The Company has not issued any debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) 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
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid the managerial remuneration during the year in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and

based on our examination of the records of the Company, the Company has issued fully convertible preference shares during the year and has complied with section 42 of Companies Act, 2013 and the fund has been used for the purpose for which the same was issued.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For,
Ravi Rajan & Co.,
(Chartered Accountants)
Firm's registration number: 009073N

Ravi Kumar
Partner
Membership number: 508424

Place: New Delhi
Date: 27th May, 2016

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Kanpur Fertilizers and Cements Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For,
Ravi Rajan & Co.,
(Chartered Accountants)
Firm's registration number: 009073N

Ravi Kumar
Partner
Membership number: 508424

Place: New Delhi
Date: 27th May, 2016

KANPUR FERTILIZERS & CEMENT LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

(Rupees in Lacs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
Share capital	2.01	35,246	30,896
Reserves and surplus	2.02	41,390	46,861
(2) Non-current liabilities			
Long-term borrowings	2.03	31,716	41,992
Deferred tax liabilities (Net)	2.04	1,302	651
Long-term provisions	2.05	380	332
(3) Current liabilities			
Short-term borrowings	2.06	54,427	41,011
Trade Payables	2.07	55,442	87,182
Other current liabilities	2.08	33,397	23,995
Short-term provisions	2.09	491	437
TOTAL		253,791	273,357
II. ASSETS			
(1) Non-current assets			
Fixed assets			
(i) Tangible assets	2.10	110,151	111,476
(ii) Intangible assets		25	35
(ii) Capital work-in-progress		320	2,824
Long-term loans and advances	2.11	6	52
Other Non Current Assets	2.12	266	493
(2) Current assets			
Inventories	2.13	17,284	9,455
Cash and Bank Balances	2.14	2,979	6,198
Trade receivables	2.15	118,023	135,182
Short-term loans and advances	2.16	4,536	7,457
Other current assets	2.17	201	185
TOTAL		253,791	273,357

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

As per our report of even date

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

Ravi Kumar
Partner
M. No. 508424

For and on behalf of the Board

Manoj Gaur
Chairman
(DIN : 00008480)

Place : Noida
Dated : 27.05.2016

Sudhir Rana
Chief Financial Officer

S.D.Nailwal
Director
(DIN : 00008529)

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

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016
(Rupees in Lacs)

Particulars	Note No.	2015-16	2014-15
I. Revenue from operations	2.18	241,707	261,069
II. Other income	2.19	463	402
III. Total Revenue (I + II)		242,170	261,471
IV. Expenses:			
Cost of materials consumed	2.20	201,203	217,665
Purchases of Stock in trade	2.21	12,740	5,720
Changes in inventories of finished goods work-in-progress & Stock in Trade	2.22	-8,877	2,884
Employee benefits expense	2.23	3,639	3,655
Selling & Distribution Exp.	2.24	7,291	5,844
Finance costs	2.25	13,942	16,231
Other expenses	2.26	2,953	2,292
Depreciation and amortization expense	2.10	7,263	5,278
Total expenses		240,154	259,569
V. Profit before exceptional and extraordinary items and tax (III-IV)		2,016	1,902
VI. Exceptional items[income/(Expenditure)]		—	—
VII. Profit before extraordinary items and tax (V - VI)		2,016	1,902
VIII. Extraordinary Items [income/(Expenditure)]		—	—
IX. Profit before tax (VII- VIII)		2,016	1,902
X Tax expense:			
(1) Current tax		430	402
Less - MAT Credit Entitlement		430	402
(2) Deferred tax Liabilities/(Assets)		651	639
XI Profit (Loss) for the period (IX-X)		1,365	1,263
XIX Earnings per equity share:	2.27		
(1) Basic		0.68	0.63
(1) Dilutive		0.41	0.44

Significant accounting policies and notes to accounts as per notes 1 & 2
As per our report of even date
**For Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073N**
**Ravi Kumar
Partner
M. No. 508424**
For and on behalf of the Board
**Manoj Gaur
Chairman
(DIN : 00008480)**
**Place : Noida
Dated : 27.05.2016**
**Sudhir Rana
Chief Financial Officer**
**S.D.Nailwal
Director
(DIN : 00008529)**
**A.K. Jain
Vice Chairman & CEO
(DIN : 01731920)**

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 were 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 under historical cost convention, on accrual basis, on the principles of going concern, in accordance with the generally accepted accounting principles, to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

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

- i) Revenue is recognised when it can be reliably measured and it is reasonable to expect ultimate collection.
- ii) 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.

Where cost of the part of the asset is significant to total cost of asset and useful life of that part is different from useful life of the asset, useful life and the value of that significant part shall be determine separately through internal/external expert.

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. 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.

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 of Store and spares are valued at lower of cost or net realizable value. Costs comprises of purchases 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.

Notes to the Financial Statements for the year ended 31st March, 2016

Note No. 2.01: Share Capital

(Rupees in Lakhs)

	As at 31.03.2016	As at 31.03.2015
Authorised Share Capital		
A) Equity Share Capital		
82,50,00,000 (Previous period 82,50,00,000) Shares of Rs. 10/- each	82,500	82,500
B) Preference Share Capital		
11% Convertible Preference Share Capital 35,00,00,000 (Previous period 35,00,00,000) Shares of Rs. 10/- each	35,000	35,000
10% Cumulative Redeemable Preference Share Capital 2,50,00,000 (Previous period 2,50,00,000) Shares of Rs. 10/- each	2,500	2,500
	<u>120,000</u>	<u>120,000</u>
Issued, subscribed and paid up capital		
A) Equity Share Capital	20,058	20,058
20,05,82,225 (Previous period 20,05,82,225) Shares of Rs. 10/- each fully paid up		
B) Preference Share Capital		
11% Convertible Preference Share Capital	14,288	9,038
14,28,75,000 (Previous period 9,03,75,000) Shares of Rs. 10/- each fully paid up		
10% Cumulative Redeemable Preference share Capital 90,00,000 (Previous period 1,80,00,000) Shares of Rs. 10/- each fully paid up	900	1,800
	<u>35,246</u>	<u>30,896</u>

Details of Shareholders having more than 5% shares	% of Shares	As at 31.03.2016	As at 31.03.2015
		Lakh No. of Shares	Lakh 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)	83%	1,179	654
Jaypee Development Corporation Ltd. (JDCL)	17%	250	250
Cumulative Redeemable Preference Shares			
Jaypee Fertilizers & Industries Ltd. (JFIL)	100%	90	180
Reconciliation of no. of shares Outstanding			
Equity Share Capital			
Equity Shares Outstanding at the beginning of the Year		2,006	2,006
Addition During the Year		—	—
Outstanding at the End of the Year		<u>2,006</u>	<u>2,006</u>

KANPUR FERTILIZERS & CEMENT LIMITED

% of Shares	As at 31.03.2016	As at 31.03.2015
	Lakh No. of Shares	Lakh No. of Shares
Preference Share Capital		
11% Convertible Preference Shares		
Outstanding at the beginning of the Year	904	810
Addition During the Year	525	94
Redemption during the Year	—	—
Outstanding at the End of the Year	1,429	904
10% Cumulative Redeemable Preference Shares at the beginning of the Year	180	180
Addition During the Year	—	—
Redemption during the Year	90	—
Outstanding at the End of the Year	90	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 current/previous years.

In the event of liquidation, each share carries equal rights and will be entitled to receive equal amount per share out of the remaining amount available with the company after making preferential payments.

ii) Preference Shares

Preference Shareholders do not carry any voting right.

During the year the Company has issued 525 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 were redeemed in July'2015 (including premium of Rs. 134 per preference share) 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.

Note No. 2.02: Reserves and Surplus	As at 31.03.2016	As at 31.03.2015
Security Premium Reserve		
Balance at the beginning	38,827	40,230
Add :Addition During the Year	5,250	937
Less: Transferred to Securities Premium Redemption Reserve	10,916	2,340
Closing Balance (A)	33,161	38,827
Security Premium Redemption Reserve		
Balance at the beginning	6,405	4,065
Add: Transferred from Securities Premium Reserve	10,916	2,340
Less: Utilized for Redemption of 10% redeemable preference share	12,086	—
Closing Balance (B)	5,235	6,405
Surplus		
Balance at the beginning	1,629	366
ADD: Profit Transferred from Statement of Profit & Loss	1,365	1,263
Closing Balance (C)	2,994	1,629
Total (A + B + C)	41,390	46,861

During the Current reporting period a sum of Rs. 2816 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. An amount of Rs. 12086 lakhs was used from Security Premium Redemption Reserve account on Redemption of 90 lakhs 10% Cumulative Redeemable Preference Shares.

Note No. 2.03: Long-Term Borrowings	As at 31.03.2016	As at 31.03.2015
Term loans (Secured)		
From Banks:-		
ICICI Bank Ltd. (RTL)	7,500	15,000
State Bank of India (RTL)	11,928	14,448
India Infrastructure Finance Company Limited (RTL)	12,288	12,544
	31,716	41,992

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

i) ICICI Bank Ltd - The repayment is to be made in 16 equal quarterly installment of Rs. 1875 lakhs commencing from April 1, 2014. The rate of interest is I-Base + Spread of 2.75 % PA. The amount outstanding as at 31.03.2016 is Rs 15000 lakhs (Previous Year - Rs 22500 lakhs)

ii) 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 31.03.2016 is Rs 15162 lakhs (Previous Year - Rs 16800 lakhs).

iii) 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 31.03.2016 is Rs 12608 lakhs (Previous Year - 12800 lakhs)

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	As at 31.03.2016	As at 31.03.2015
Deferred Tax liability :		
On account of Timing Difference in WDV of Fixed Assets	4,367	2,771
Deferred Tax Assets :	—	—
On account of Employee benefits	146	125
Others	2,919	1,995
Deferred Tax Liability	1,302	651
Note No. 2.05:Long-term provisions		
Provision for employee benefits		
Gratuity	233	196
Leave Encashment	147	136
	380	332
Note No. 2.06: Short Term Borrowings		
From Banks. (Secured):-		
State Bank of India	22,500	22,234
State Bank of Patiala	9,400	7,477
State Bank of Hyderabad	10,000	9,932
ICICI Bank Ltd	2,852	1,368
State Bank of India (Buyer's Credit)	9,675	—
	54,427	41,011

A consortium of Banks comprising State Bank of India, State Bank of Hyderabad, State Bank of Patiala and ICICI Bank 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	As at 31.03.2016	As at 31.03.2015
TRADE PAYABLES		
– Due to micro and small enterprises	–	–
– Others	55,442	87,182
	<u>55,442</u>	<u>87,182</u>
Details relating to Micro, Small and Medium Enterprises is as under -		
a) Principal amount		
b) Interest thereon	Nil	Nil
c) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
d) The amount of interest due and payable for the period of delay in making payment without adding the interest specified	Nil	Nil
e) The amount of interest accrued and remaining unpaid as at March 31, 2016	Nil	Nil
f) The amount of interest remaining due and payable even in the succeeding years, until such date when the interest is actually paid	Nil	Nil

Note No.2.08: Other Current Liabilities	As at 31.03.2016	As at 31.03.2015
Current Maturities of Long Term Debts (Secured, Considered Good)		
ICICI Bank Ltd. (RTL)	7,500	7,500
State Bank of India (RTL)	3,234	2,352
India Infrastructure Finance Company Limited (RTL)	320	256
Interest accrued and due on borrowings	1,156	–
Other Payables (Unsecured, Considered Good)		
Dues related to Staff	487	317
Tax Dues	1,016	1,126
Advances from Customers	218	397
Security Deposits-Interest Bearing	2,018	1,728
Security Deposits-Non Interest Bearing	238	158
Payable to related parties	7,121	2,654
Others Payables	8,004	4,948
Under BIFR Approved Scheme	2,085	2,559
	<u>33,397</u>	<u>23,995</u>
Note No. 2.09: Short-term provisions	As at 31.03.2016	As at 31.03.2015
Provision for employee benefits		
Gratuity	29	3
Leave Encashment	31	31
Provision for Wealth Tax	1	1
Provision for Income Tax	430	402
	<u>491</u>	<u>437</u>

Note No. 2.10 : Fixed Assets

(Rupees in Lakhs)

Particulars	Gross Carrying Value					Depreciation			Net Carrying Value	
	As at 01.04.2015	Addition During the Year	Sale/Transfer/ Discard/Adjustment during the year	Disposal Adjustment during the year	As at 31.03.2016	Upto 31.03.2015	For the Year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
(A) TANGIBLE ASSETS										
Land Leasehold	24,344		–	–	24,344	–	–	–	24,344	24,344
Buildings	8,272	64	–	–	8,336	251	301	552	7,784	8,021
Plant & Machinery	83,092	5,647	–	–	88,739	4,615	6,822	11,437	77,302	78,477
Vehicles	163	69	–	–	232	65	21	86	146	98
Other Fixed Assets	317	39	–	–	356	221	14	235	121	96
EDP Machines	268	29	–	–	297	167	44	211	86	101
AC & Coolers	98	14	–	–	112	24	10	34	78	74
Refrig. & Water Cooler	18	3	–	–	21	5	2	7	14	13
Television/Cinematography	60	–	–	–	60	13	8	21	39	47
Furniture & Fixture	265	57	–	–	322	67	28	95	227	198
Office Equipments	12	6	–	–	18	5	3	8	10	7
TOTAL TANGIBLE ASSETS	116,909	5,928	–	–	122,837	5,433	7,253	12,686	110,151	111,476
(B) INTANGIBLE ASSETS										
Goodwill	53		–	–	53	18	10	28	25	35
TOTAL FIXED ASSETS	116,962	5,928	–	–	122,890	5,451	7,263	12,714	110,176	111,511
Previous Year	25,489	91,473	–	–	116,962	172	5,278	5,450	111,511	25,317
CAPITAL WORK IN PROGRESS (including Incidental Expenditure During Construction Period)									320	2,824

Due to component accounting, amount of depreciation has increased by Rs. 1,529 Lakhs as compared to previous year.

KANPUR FERTILIZERS & CEMENT LIMITED

(Rupees in Lakhs)

Note No. 2.11: Long-term loans and advances	As at 31.03.2016	As at 31.03.2015
Security Deposits (Unsecured and Considered good)		
With Govt. & Public Bodies	1	49
With Others	5	3
	6	52
Note No. 2.12: Other non Current Assets		
(a) Term Deposit Account with Maturity of more than twelve months*	266	493
	266	493
* Pledged as margin with banks against LC/BGs		
Note No. 2.13: Inventories		
Raw materials	486	995
Work-in-progress	5,233	1,140
Finished goods	5,542	757
Stock in Trade (Trading Goods)	1,055	1,868
Stores and spares	4,968	4,695
	17,284	9,455
Note No. 2.14: Cash and Bank Balances		
(A) Cash and Cash Equivalents		
(a) Cash on hand	12	10
(b) Balances with banks		
In Current Accounts		
State Bank of India	73	1,455
ICICI Bank Ltd	231	761
Yes Bank	0	4
Axis Bank Ltd	1	2
IndusInd Bank	1	1
(c) Term Deposit Account with Maturity of less than six months*	1,382	2,115
(B) Other Bank Balances		
(a) Term Deposit Account with Maturity of less than twelve months*	1,279	1,850
	2,979	6,198
* Pledged as margin with banks against LC/BGs		
Note No. 2.15: Trade Receivables (Unsecured. Considered good)		
Outstanding less than six months from day become due.		
Sundry Debtors	8,365	563
Subsidy Receivables from Government	109,658	134,619
Outstanding more than six months from day become due.	—	—
	118,023	135,182
Note No. 2.16: Short Term Loans & Advances (Unsecured, Considered Good)		
Related Party	1,202	2,114
Others		
Advances to Suppliers, Contractors & Others	1,453	3,498
Prepaid Expenses	722	1,104
Tax Credits	1,159	741
	4,536	7,457

(Rupees in Lakhs)

Note No. 2.17: Other Current Assets	2015-16	2014-15
Interest Accrued on Fixed Deposits & Others	192	176
Other Receivables	9	9
	201	185
Note No. 2.18: Revenue from Operations		
Sale of Products		
Urea Sale	36,549	35,242
Govt Subsidy- Urea	191,058	218,812
Sale-Flyash	139	383
Less: Excise Duty on Sales	435	398
	227,311	254,039
Other Operating Revenue		
Sale -Traded Product	9,613	7,030
Govt Subsidy- DAP	4,783	—
	14,396	7,030
Total	241,707	261,069
Note No. 2.19 : Other Income		
Misc Receipts	73	8
Interest Received	357	332
Insurance Claim Received	33	62
Total	463	403
Note No. 2.20 : Cost of Material Consumed		
Raw Materials Consumed	143,132	165,841
Electricity Charges	43,945	39,335
Coal Consumed	6,565	6,810
Water charges	150	115
Bags Consumed	2,375	2,470
Store and Spares Consumed	3,216	1,774
Freight & Material Handling	167	87
Repairs & Maintenance - Plant	1,617	1,193
Testing and Analysis Fees	36	40
Total	201,203	217,665
Note No. 2.21 : Cost of Trading Material Sold		
Naptha	172	2,356
NPKS	—	857
Di Ammonium Phosphate	—	934
Zyme	254	811
Micro Nutrient	184	579
Sulphur	134	—
Zink Sulphate	593	—
Single Super Phosphate	136	—
Imported DAP	11,233	—
Others	34	183
Total	12,740	5,720
Note No. 2.22 : Change in Inventories of Finished goods and Work in Progress		
Opening Stock		
Finished Goods		
Packed Urea	755	2,365
Flyash	2	1
Less Closing Stock		
Packed Urea	5,536	755
Flyash	5	2
	-4,784	1,609

(Rupees in Lakhs)

	2015-16	2014-15
Opening Stock		
Work In Progress		
Loose Urea	378	1,797
Ammonia	762	605
Others	—	13
Less Closing Stock		
Loose Urea	4,643	378
Ammonia	590	762
	-4,093	1,275
Total	-8,877	2,884
Note No. 2.23 : Employee benefits expenses		
Salaries & Wages	3,301	3,203
Gratuity	63	181
Employer's Contribution To Provident & Other Funds	165	173
Staff Welfare	110	98
Total	3,639	3,655
Note No.2.24: Selling & Distribution Expenses		
Freight outward	5,209	4,670
Discounts	638	145
Publicity & Advertisements	43	15
Sales Promotion	175	88
Loading & Unloading	1,179	849
Rent of Godown	47	77
Total	7,291	5,844
Note No.2.25 : Finance Cost		
Interest to Banks on Working Capital	4,946	4,536
Interest to Banks on Term Loan	5,942	5,078
Interest to others	2,850	6,255
Financial Charges	204	362
Total	13,942	16,231
Note No.2.26: Other Expenses		
Repair & Maintenance - Others	552	580
Safety & Security Expenses	151	160
Rates & Taxes	54	44
Insurance Charges	334	288
Travelling & Conveyance	110	110
Bank Charges & LC/BG Commission	316	438
Postage, Telephone & Internet	35	44
Legal & Professional	384	370
Vehicle Hire and running Charges	178	209
Revaluation Loss on naphtha	641	—
Loss due to Foreign Exchange Fluctuation	87	—
Recruitment Charges	11	6
Corporate Social Responsibilities Expenses	15	—
Horticulture and Gardening Expenses	26	3
Expenses relating to Past year	18	3
Auditors Remuneration		
Audit Fees	3	2
Tax Audit Fees	2	1
Printing and Stationery	7	7
Miscellaneous Expenses	29	27
Total	2,953	2,292

(Rupees in Lakhs)

Note No. 2.27: Earning Per Share	2015-16	2014-15
Profit after tax (Rs. In Lakhs)	1,365	1,263
Nominal value of equity share (in Rs.)	10.00	10.00
Total weighted number of equity shares outstanding at the beginning of the year/period - Lakhs Shares	2,006	2,006
Total weighted number of Convertible Preference shares outstanding at the beginning of the year/period - Lakhs Shares	1,304	890
Total weighted number of Potential Equity shares outstanding at the end of the year/period - Lakhs Shares	3,309	2,896
Basic earning per share (in Rs.)	0.68	0.63
Diluted earning per share (in Rs.)	0.41	0.44

Note No. 2.28: Notes to the Financial Statements for the Year Ended 31st March, 2016

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

(Rupees In Lakhs)

Particulars	2015-16	2014-15
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)	408	69
b) Outstanding balances of Bank Guarantees	560	560
Margin Money deposited against the above	502	501
c) Outstanding Letters of Credit (including Foreign LCs)	17,533	33,773
Margin Money deposited against the above	2,409	3,498
Commitments :-		
a Estimated amount of Contract remaining to be executed on Capital Account and not provided for (net of Advances)	1,891	2,595

(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 :

- Provident Fund - Defined Contribution Plan
All employees are entitled to Provident Fund benefits. Amount debited in Statement of Profit & Loss is Rs. 145.76 Lacs (Previous year 148.72) excluding admin & DLI charges.
- 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.
- 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:

Particulars	(Rupees In Lakhs)			
	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(i) Expenses recognized in the Statement of Profit & Loss Account for the Period ended 31st March 2016				
1. Current Service Cost	63	46	61	54
2. Interest Cost	16	13	2	4
3. Expected return on plan assets				
4. Employee Contribution				
5. Actuarial (Gains)/Losses	-16	6	118	142
6. Past Service Cost				
7. Settlement Cost				
8. Total Expenses	63	65	181	200
(ii) Net Asset/ (Liability) recognized in the Balance Sheet as at 31st March 2016.				
1. Present Value of Defined Benefit Obligation.	262	178	200	167
2. Fair Value of Plan Assets				
3. Funded Status/Difference	-262	-178	-200	-167
4. Excess of Actual over estimated				
5. Net Asset/ (Liability)	-262	-178	-200	-167
(iii) Change in Obligation during the Period ended March 31, 2016.				
1. Present value of Defined Benefit Obligation at the beginning of the year.	200	167	23	42
2. Current Service Cost.	63	47	61	54
3. Interest Cost	16	13	2	4
4. Settlement Cost				
5. Past Service Cost.				
6. Employee Contributions				
7. Actuarial (Gains)/Losses	-16	6	118	142
8. Benefit Paid	1	-55	-4	-75
9. Present Value of Defined Benefit Obligation at the end of the year.	262	178	200	167
(iv) Change in Assets during the Period ended March, 2016.				
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	2015-16	2014-15
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, 1956:

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

Particulars	2015-16	2014-15
Natural Gas	140,978	164,598
Coal	6,565	6,810
Chemical	1,846	1,087
Bags	2,375	2,470

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

Particulars	2015-16	2014-15
1. Opening Stock	757	2,366
2. Closing Stock	5,542	757

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

Particulars	2015-16	2014-15
a) Payment to Suppliers	1,114	268
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 (JPVL)
03. Jaypee Infratech Limited
04. Himalyan Expressway Limited
05. Jaypee Ganga Infrastructure Corporation Limited
06. Jaypee Agra Vikas Limited
07. Himalyaputra Aviation Limited
08. Jaypee Power Grid Limited
09. Jaypee Fertilizers & Industries Limited
10. Boydell Media Private Limited
11. Santipara Tea Company Limited
12. Jaypee Cement Corporation Limited
13. Sangam Power Generation Company Limited
14. Jaypee Assam Cement Limited
15. Prayagraj Power Generation Company Limited
16. Jaypee Meghalaya Power Limited
17. Bhilai Jaypee Cement Limited
18. Himachal Karcham Power Company Limited
19. Jaiprakash Agri initiative Company Limited
20. Gujrat Jaypee Cement and Infrastructure Limited
21. Jaypee Arunachal Power Limited
22. ISG Traders Limited
23. Gujarat Carbon & Industries Limited
24. Stone Solar Private Limited
25. Jaypee Healthcare Limited
26. Jaypee Cement Cricket (India) Limited
27. Jaypee Cement Hockey (India) Limited

Notes:

01. Bokaro Jaypee Cement Limited

Ceased to be a subsidiary of the company w.e.f. 29th November, 2014, consequent to sale of JAL's 74% stake in it.

02. Himachal Baspa Power Company Limited

(subsidiary of JPVL till 07.09.15. No more subsidiary from 08.09.15)

03. Jaypee Sports International Limited

Ceased to be a subsidiary of JAL as it amalgamated into JAL on 16.10.15 w.e.f the appointed date 01.04.14.

c) Key Management Personnel

Sh. A.K. Jain - Vice Chairman & CEO (w.e.f. 25th May, 2015)

Sh. V.K.Sharma - MD (till 24th April, 2015)

Sh. Sudhir Rana - Chief Financial Officer

Sh. Mahesh Mahani - Company Secretary (from 22nd June, 2015 to 18th Feb, 2016)

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 31.03.2016	Figures as at the end of current reporting period 31.03.2015
Receipts			
Share Capital Preference (including Security Premium)	Referred in (b) above	10,500	1,875
Expenditure			
Salary	Referred in (c) above	123	115
Car hire charges*	Referred in (c) above	5	4
Reimbursement towards expenses	Referred in (b) above	371	407
Purchase of Cement & products	Referred in (b) above	52	93
Purchase of Power	Referred in (b) above	23,785	16,076
Goods Purchased & Services Received	Referred in (b) above	—	17
Purchase of CPP Spares	Referred in (b) above	—	293
Outstanding Balances			
Receivable	Referred in (b) above	1,202	2,116
Payable	Referred in (b) above	7,121	2,654

(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 31, 2016 and March 31, 2015.

(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 Ravi Rajan & Co.
Chartered Accountants
Registration No. 009073M

For and on behalf of the Board

Ravi Kumar
Partner
M. No. 508424

Manoj Gaur
Chairman
(DIN : 00008480)

Place : Noida
Dated : 27.05.2016

Sudhir Rana
Chief Financial
Officer

S.D.Nailwal
Director
(DIN : 00008529)

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Rupees in Lacs)

Particulars	2015-16	2014-15
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax as per Profit & Loss Account	2,016	1,902
Add:		
Interest Paid	13,942	16,669
Depreciation	7,263	5,278
Net Profit/(Loss) before Working Capital Changes	21,205	21,947
Deduct:	23,220	23,849
(a) Increase in Inventories	7,830	—
(b) Increase in Short Term Loan & Advances	(2,921)	3,127
(c) Increase in Trade Receivables	—	80,247
(d) Decrease in Other Current Liabilities	—	8,917
(e) Increase in Long Term Loan & Advances	—	1
(f) Increase in Other Current Assets	16	81
(g) Decrease in Trade Payables	31,739	—
(f) Increase in Other Non Current Assets	(227)	493
	36,437	92,866
	(13,216)	(69,017)
Add:		
(a) Increase in Trade Payables	—	68,941
(b) Increase in Other Current Liabilities	9,403	—
(c) Decrease in Long Term Loan & Advances	46	—
(d) Decrease in Inventories	—	4,358
(e) Increase in Long Term Provisions	47	273
(f) Increase in Short Term Provisions	54	303
(g) Decrease in Trade Receivables	17,159	—
CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES "A"	26,709	73,875
	13,493	4,858
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Outflow:		
(a) Investment in Fixed Assets (including Capital work in Progress and Incidental Expenditure Pending allocation)	3,424	3,158
NET CASH USED IN INVESTING ACTIVITIES "B"	3,424	3,158
	(3,424)	(3,158)
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow:		
(a) Increase in Share Capital	5,250	937
(b) Increase in Share Application Money	—	—
(b) Increase in Reserve & Surplus	5,250	938
(c) Increase in Long Term Borrowings	—	14,492
(d) Increase in Short Term Borrowings	13,416	3,623
Outflow:	23,916	19,990
(a) Decrease in Share Application Money	—	1,875
(a) Decrease in Share Capital	900	—
(b) Decrease in Long Term Borrowings	10,276	—
(c) Decrease in Short Term Borrowings	—	—
(c) Decrease in Reserve & Surplus	12,086	—
(d) Interest Paid	13,942	16,669
NET CASH FROM FINANCING ACTIVITIES "C"	37,204	18,544
	(13,288)	1,446
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS "A+B+C"	(3,219)	3,146
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	6,198	3,052
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	2,979	6,198

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

(Ravi Kumar)
Partner
M. No. 508424

Place : Noida
Dated : 27.05.2016

(Sudhir Rana)
Chief Financial Officer

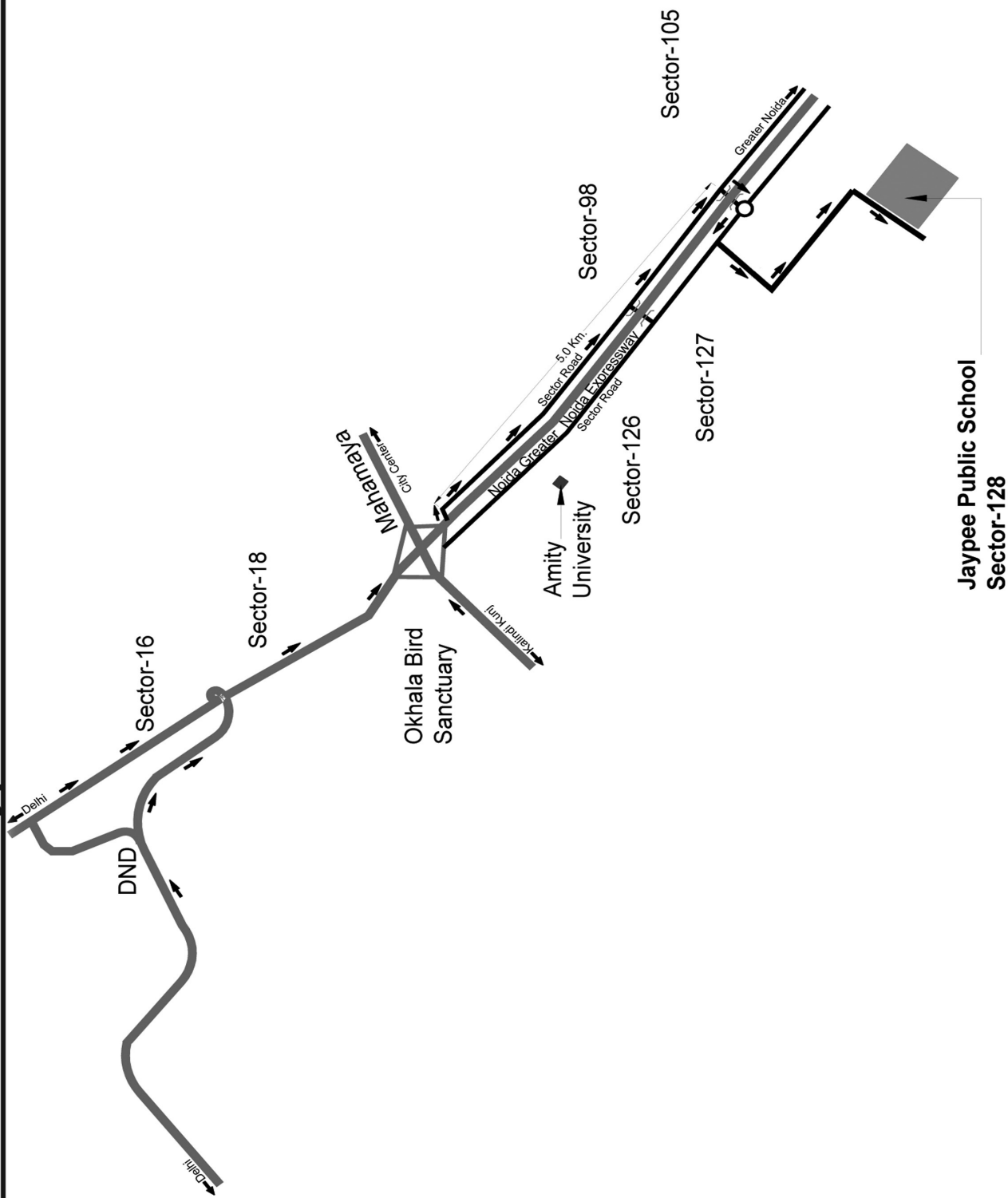
(S.D.Nailwal)
Director
(DIN : 00008529)

For and on behalf of the Board

(Manoj Gaur)
Chairman
(DIN : 00008480)

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

Location Plan of Jaypee Public School Sector-128, Noida-201 304



Notes :

KANPUR FERTILIZERS & CEMENT LIMITED

CIN: U24233UP2010PLC040828
Registered Office: Sector-128, NOIDA-201304 (U.P.)
Telephone: +91 (120) 4609000; Fax no. +91 120 4963122

ATTENDANCE SLIP

DP ID		FOLIO NO./CLIENT ID		NO. OF SHARES	
-------	--	---------------------	--	---------------	--

Name(s) and address of the member/proxy in full : _____
I/We hereby record my/our presence at the **6th Annual General Meeting of the Company** to be held on **Friday, the 30th September, 2016 at 3.00 P.M. at Jaypee Public School, Sector 128, Noida 201 304 (U.P.), India.**

☐

MEMBER

☐

PROXY

Signature of Member/Proxy

KANPUR FERTILIZERS & CEMENT LIMITED

CIN: U24233UP2010PLC040828
Registered Office: Sector-128, NOIDA-201304 (U.P.)
Telephone: +91 (120) 4609000; Fax no. +91 120 4963122

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; Fax no. +91 120 4963122

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 **6th Annual General Meeting of the Company, to be held on Friday, the 30th September, 2016 at 3.00 P.M. 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 Financial Statements for the Financial Year ended 31st March, 2016 , and the Reports of Directors and Auditors thereon.
2	To appoint a Director in place of Shri Manoj Gaur (DIN: 00008480) , who retires by rotation and, being eligible, offers himself for re-appointment.
3	To appoint a Director in place of Shri Ajay Sharma (DIN: 01331686) , who retires by rotation and, being eligible, offers himself for re-appointment.
4	To appoint a Director in place of Shri Sunny Gaur (DIN: 00008293) , who retires by rotation and, being eligible, offers himself for re-appointment.
5	To ratify the appointment of M/s. Ravi Rajan & Co., Chartered Accountants, New Delhi (Firm Regn. No. 009073N) , as Statutory Auditors of the Company.
Special Business	
6	Ratification of Remuneration of M/s. Kabra & Associates, Cost Accountants, (Firm's Regn. no. 0075) of the Company

Signed this ____ day of _____, 2016

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, 2470800 **Fax:** +91 (120) 4963122