



# Khaitan CHEMICALS & FERTILIZERS LTD.

CIN : L24219MP1982PLC004937

Apollo Arcade, 3rd Floor, 1/2, Old Palasia, INDORE - 452 018 (M.P.) Phone : 0731-4753666

Fax : 0731-2562572, E-mail : khaitanind@gmail.com Website : www.khaitanchemfert.com



QMS-FM-552859  
EMS 552860  
OHS 552861

KCFL/2017/749

August 29, 2017

The Department of Corporate Services,  
Bombay Stock Exchange Limited,  
Floor 25, P. J. Tower, Dalal Street,  
Mumbai-400001

**corp.relations@bseindia.com**

022:22722037/39/41/61

022: 22723121/3719

**Sub : 35<sup>th</sup> Annual Report for the year 2016-2017.**

**Ref : Scrip Code: 507794.**

Dear Sir/Madam,

In terms of Regulation 34 (1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith Annual Report for the year 2016-2017 duly approved and adopted in the 35<sup>th</sup> Annual General Meeting of the Company held on 22.08.2017 (copy is attached for your reference).

This is for your information and record.

Thanking You,

Yours faithfully,

**for KHAITAN CHEMICALS & FERTILIZERS LIMITED**

  
**(CS KAMLESH JOSHI)**

**COMPANY SECRETARY & GENERAL MANAGER**

Gurgaon Office :  
K-9/4, House No. 4, Road No. 9,  
DLF City, Phase - II,  
Gurgaon - 122 002 (Haryana)  
Phone : 0124 - 4845777

Regd. Office :  
A.B. Road, Village Nimrani,  
Distt. - KHARGONE - 451 569 (M.P.)  
Phone : 07285-265448, 265447  
Fax : 07285-265449



# **KHAITAN CHEMICALS AND FERTILIZERS LIMITED**

**35<sup>th</sup> Annual Report 2016-2017**

<b>ANNUAL GENERAL MEETING:</b>		<b>BOARD OF DIRECTORS:</b>	
Day : Tuesday	Time : 3:00 P.M.	<b>Shri Shailesh Khaitan</b> : Chairman & Managing Director	
Date : 22 <sup>nd</sup> August, 2017	Place : Registered Office	<b>Shri Utsav Khaitan</b> : Whole Time Director	
<b>REGISTERED OFFICE:</b>		<b>Shri Jagdish Lal Jajoo</b> : Whole Time Director	
A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451 569 (M.P.)		<b>Shri Vijay Gupta</b> : Independent Director	
<b>SECRETARIAL AUDITORS:</b>		<b>Shri Balmukund Dakhera</b> : Independent Director	
M/s. Ritesh Gupta & Co., Company Secretaries, 56-Anil Nagar, MR-9 Road, Indore-452 008		<b>Ms. Veena Chadha</b> : Independent Director	
<b>INTERNAL AUDITORS:</b>		<b>KEY MANAGERIAL PERSONNEL:</b>	
M/s. APAS & Co., Chartered Accountants, 8/14, Basement, Kalkaji Extension, New Delhi-110 019		<b>Shri Shailesh Khaitan</b> : Chairman & Managing Director	
<b>COST AUDITORS:</b>		<b>Shri Harsh Vardhan Agnihotri</b> : President & CFO	
M/s. M P Turakhia & Associates, Cost Accountants, 404, Shalimar Corporate Centre, 8-B, South Tukoganj, Indore-452 001 (M.P.)		<b>Shri Kamlesh Joshi</b> : Company Secretary & General Manager	
<b>INDORE OFFICE:</b>		<b>STATUTORY AUDITORS:</b>	
301-308, Apollo Arcade, 1/2, Old Palasia, Indore - 452 018 (M.P.)		M/s. S.S. Kothari Mehta & Co., Chartered Accountants, 146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110 065	
<b>GURUGRAM OFFICE:</b>		<b>Proposed Statutory Auditors</b>	
207, Sewa Corporate Park, M.G. Road, Sector-28, Gurugram - 122 002 (Haryana)		M/s. NSBP & Co., Chartered Accountants, 137, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110 065	
<b>WORKS:</b>		<b>KOLKATA OFFICE:</b>	
<b>Fertilizers &amp; Chemicals Division:</b>		46-C, Rafi Ahmed Kidwai Road, 3 <sup>rd</sup> Floor, Kolkata-700 016	
1). A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451 569 (M.P.)		<b>SOLICITORS:</b>	
2). Village Goramachia, Kanpur Road, Jhansi-248001 (U.P.)		M/s. Khaitan & Partners, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110 001	
3). Village Dhinva, Tehsil Nimbahera Dist. Chittorgarh - 312 601 (Rajasthan)		<b>BANKERS:</b>	
4). A-1, UPSIDC Industrial Area, Malwan, Dist. Fatehpur - 212 664 (U.P.)		<ul style="list-style-type: none"> <li>● State Bank of India      ● IDBI Bank Ltd.</li> <li>● Corporation Bank      ● HDFC Bank Ltd.</li> <li>● Axis Bank Ltd.</li> </ul>	
5). Village Farhad (Somni), Dist. Rajnandgaon - 491 443 (Chattisgarh)		<b>CONTENTS:</b>	
6). 42/7, GIDC Industrial Estate, Dahej, Vagra Dist. Bharuch-392 130 (Gujarat)		Notice of Annual General Meeting : 01-03 Directors' Report : 04-07 Management Discussion and Analysis Report : 08-10 Report on Corporate Governance : 10-16 Annexure's of Directors' Report : 17-23 Auditor's Report : 24-26 Balance Sheet : 27 Statement of Profit & Loss : 28 Cash Flow Statement : 29 Notes to Financial Statements : 30-44	
<b>Soya/Agri Division:</b>		<b>LISTING OF SHARES:</b>	
7). Dosigaon Industrial Area, Ratlam - 457 001 (M.P.)		The Bombay Stock Exchange Ltd. (B.S.E.) Stock Code: 507794 ISIN No.: INE745B01028 (NSDL & CDSL)	

**Note: As per SEBI Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 it will be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of transfer of shares in physical form of listed company. In absence of above transfers will be liable to be rejected.**

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone-451 569 (M.P.)  
e-mail: [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com), Website: [www.khaitanchemfert.com](http://www.khaitanchemfert.com)  
Phone: 0731-4237926, 4753666, Fax: 0731-4753655

### NOTICE OF 35<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY FIFTH ANNUAL GENERAL MEETING OF 'KHAITAN CHEMICALS AND FERTILIZERS LIMITED'** will be held at the registered office of the Company at A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone, Madhya Pradesh on Tuesday, 22<sup>nd</sup> Day of August, 2017 at 3:00 P.M. to transact the following business:

#### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2017, including the Audited Balance Sheet as on 31<sup>st</sup> March, 2017, the statement of profit and loss for the year ended on that date, the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
- To declare final dividend on the equity shares of the Company for the year ended 31<sup>st</sup> March, 2017.
- To appoint a director in place of Shri Utsav Khaitan (DIN:03021454), who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors and fix their remuneration and in this regard 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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force) M/s. NSBP & Co., Chartered Accountants, New Delhi, registered with the Institute of Chartered Accountants of India (ICAI) vide Firm Registration No. 001075N, be and are hereby appointed as Statutory Auditors of the Company (in place of M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi, the retiring Auditors) for a term of five years commencing from the Company's financial year ending March 31, 2018 to hold office from the conclusion of the 35<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 40<sup>th</sup> Annual General Meeting (subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting) on such remuneration plus service tax, out-of-pocket

expenses, as may be mutually agreed upon by the Board of Directors and the Statutory Auditors."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) and/or CS Kamlesh Joshi, Company Secretary & General Manager, be and are hereby severally authorised to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

#### SPECIAL BUSINESS:

- To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2018.

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 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 95000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2018 as approved by the Board of Directors of the Company, to be paid to **M/s. M.P. Turakhia & Associates, Cost Accountants**, for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (**for Fertilizers**), units at Nimrani, Jhansi, Malwan and Rajnandgaon (**for Sulphuric Acid**) and Ratlam (**for Soya Products**) be and is hereby ratified and confirmed."

"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."

By Order of the Board  
S/d

(KAMLESH JOSHI)

Place : Gurugram  
Date : May 29, 2017

Company Secretary & General Manager

#### NOTES:

- The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS PRIOR TO THE MEETING.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder. A Proxy Form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
- The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies and has issued a circular on April 21, 2011 stating that the service of document by a Company can be made through electronic mode. Electronic copy of the Annual Report for the FY 2016-17 is being sent to all the members whose email ID's are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For

- members who have not registered their email address, physical copies of the Annual Report for the year 2016-17 is being sent in the permitted mode.
- Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
- Member(s), Proxies and Authorised Representatives are requested to bring the attendance slip annexed herewith, duly filled in, for attending the meeting.
- The Register of Members, Beneficial Owner and Share Transfer Books of the Company will remain closed from Thursday, August 17, 2017 to Tuesday, August 22, 2017, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
- The dividend on Equity Shares, if declared at the AGM, will be payable on or after Thursday, August 24, 2017 to those members whose names appear as Members in the Register of Members of the Company on Thursday, 17<sup>th</sup> day of August, 2017 in respect of the shares held in electronic form, the dividend will be paid on the basis of Beneficial Ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
- Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



9. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
  10. Non-resident members are requested to immediately notify: - (i) change in their residential status on return to India for permanent settlement; and (ii) particulars of NRE account, if not furnished earlier.
  11. Members who are holding shares in identical names in more than one folios, are requested to write to the Company/Ankit Consultancy Pvt. Ltd., the Registrar and Share Transfer Agent, to consolidate their holding in one folio.
  12. Shareholders who are still holding physical share certificate are advised to dematerialize their shareholding to avail benefit of dematerialization.
  13. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2008-09 to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of Companies Act, 2013.
  14. Members are advised to claim their unpaid dividend for the year 2009-10 to 2015-16 if any, the Company is having unpaid dividend of Rs. 28.18 lacs for the year 2009-10 to 2015-16. Attention of the members of the Company are drawn towards the provisions of section 124(6) which provides that all the shares in respect of which unpaid or unclaimed dividend has been transferred u/s 124(5) shall also be transferred by the company in the name of IEPF. Therefore, in the interest of the members it is advised to take appropriate action to encash the unpaid dividend and update their bank particulars through the respective DPs.  
Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the company to the Investor Education and Protection Fund ("the IEPF"), a fund established under sub-section (1) of section 125. The Company has sent intimation to all such shareholders who have not claimed their dividend for seven consecutive years. The details of unclaimed/unpaid dividend are also available on the website of the Company viz. [www.khaitanchemfert.com](http://www.khaitanchemfert.com)
  15. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
  16. Details required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is annexed herewith to Notice as **Annexure-I**. The Directors have furnished the requisite declarations for their appointment/re-appointment.
  17. 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 electronic form are, therefore, requested to submit the 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.
  18. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting of the Company.
  19. Electronic copy of the Notice of the 35<sup>th</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email ID's are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 35<sup>th</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
  20. Members may also note that the Notice of the 35<sup>th</sup> Annual General Meeting and the Annual Report for the FY 2016-17 will also be available on the Company's website [www.khaitanchemfert.com](http://www.khaitanchemfert.com) for the purpose of downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.
- For any communication, the shareholders may also send requests to the Company's investor email id: [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com).
21. A route map showing directions to reach the venue of the 35<sup>th</sup> AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meetings".
  22. Relevant documents referred to in the accompanying Notice and in the Explanatory Statement are open for inspection by the Members at the Company's Registered Office and at Company's office at 301-308 Apollo Arcade, 3<sup>rd</sup> Floor, 1/2 Old Palasia Indore- 452 018 (M.P.) on all working days (except Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. up to the date of this Annual General Meeting ("AGM") and also at the AGM.
  23. **Voting through electronic means**
    - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the Company is pleased to provide members facility to exercise their right to vote at the 35<sup>th</sup> Annual General Meeting (AGM) by electronic means / remote e-voting and the business may be transacted through e-Voting Services provided by **NSDL**.  
The instructions for e-voting are as under:
      - A. In case a Member receives an email from **NSDL** [for members whose email IDs are registered with the Company/Depository Participants(s)]:
        - (i) Open email and open PDF file viz: "**KCFL.PDF**" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.  
NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "**KCFL.PDF**".
        - (ii) Launch internet browser by typing the following URL: <http://www.evoting.nsdl.com>.
        - (iii) click on Shareholder – Login
        - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
        - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
        - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
        - (vii) Select "Khaitan Chemicals and Fertilizers Limited" (COMPANY NAME).
        - (viii) Now you are ready for e-voting as Cast Vote page opens.
        - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
        - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
        - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
        - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [csriteshguptakcfl@gmail.com](mailto:csriteshguptakcfl@gmail.com) with a copy marked to [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com)
      - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:
        - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :  
**EVEN (E-Voting Event Number) PASSWORD/PIN USER ID**
        - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
    - II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of <http://www.evoting.nsdl.com>
    - III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.  
NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).

- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on Saturday, 19<sup>th</sup> day of August, 2017 (9:00 A.M.) and ends on Monday, 21<sup>st</sup> day of August, 2017 (5:00 P.M.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, 16<sup>th</sup> day of August, 2017, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. Members holding shares in physical or in Demat form as on Wednesday, 16<sup>th</sup> day of August, 2017, shall only be eligible for e-voting.
- VII. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- VIII. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Wednesday, 16<sup>th</sup> day of August, 2017.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday, 16<sup>th</sup> day of August, 2017, may obtain the login ID and password by sending a request at [ankit\\_4321@yahoo.com](mailto:ankit_4321@yahoo.com) or [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- XI. CS Ritesh Gupta, Company Secretary Whole Time in Practice (ICSI Membership No. FCS-5200 CP No. 3764) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

XII. The Scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, therefore, unblock the votes cast through e-voting in the presence of at least two(2) witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

XIII. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website at [www.khaitanchemfert.com](http://www.khaitanchemfert.com) within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 5

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice on the recommendation of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by the Board of Directors and ratified by the shareholders of the Company.

On the recommendation of the Audit Committee at its meeting held on May 29, 2017, the Board has considered and approved appointment of **M/s. M.P. Turakhia & Associates, Cost Accountants** for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (**for Fertilizer**), units at Nimrani, Jhansi, Malwan and Rajnandgaon (**for Sulphuric Acid**) and Ratlam (**for Soya Products**) at a remuneration of Rs. 95000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2018.

The Resolution at Item No. 5 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

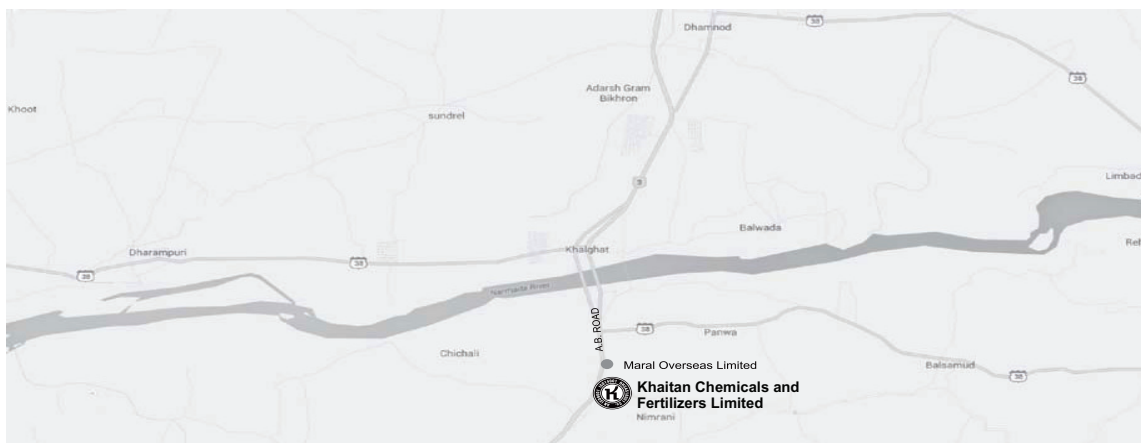
None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

## Annexure-I

### Details of Directors seeking appointment/re-appointment at the Annual General Meeting (In pursuance of Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of Director	Shri Utsav Khaitan
Age	26 year
Qualification	BSc (Economics)
Date of Appointment	20 <sup>th</sup> May, 2014
Expertise	Marketing
Other Directorships (excluding Pvt. Companies) as on March 31, 2017	Nil
Chairman / Member of the Committees as on March 31, 2017	<u>Khaitan Chemicals and Fertilizers Limited :</u> <b>Member- Corporate Social Responsibility Committee</b>

### Route Map for the Venue of 35<sup>th</sup> Annual General Meeting





## DIRECTORS' REPORT

### To the Members,

Your Directors are pleased to present the 35<sup>th</sup> Annual Report of your Company along with Audited Financial Statement for the financial year ended 31<sup>st</sup> March, 2017.

### FINANCIAL RESULTS

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2017 is summarised below:

(Rs. in Lacs)

Particulars	2016-17	2015-16
Sales (Gross)	36434.54	39777.24
Net Sales	36202.58	39404.56
Surplus before interest, depreciation, exceptional items and Tax	4148.61	4165.11
Less: Financial Cost	3114.59	2966.23
Cash Profit before tax	1033.68	1198.88
Less: Depreciation	820.27	863.61
Exceptional Items	-	-
Profit/(Loss) before taxation	213.41	335.27
Provision for current tax	97.66	75.94
MAT Credit Entitlement	(76.36)	-
Income Tax of earlier year	1.91	-
Deferred tax	11.03	93.66
Profit/(Loss) after taxation	179.17	165.67
Transfer to General Reserve	-	-
Earning Per Share (face value of Re. 1/- each)	0.18	0.17

### REVIEW OF OPERATIONS

#### FERTILIZERS & CHEMICALS DIVISION

The year 2016-17 continued to be a challenging period with weak economic environment due to previous two years of drought and consequently high channel stocks and low income with the farmers. Also the country faced a consecutive drought (in some of the regions) for the second year in 2016-17, which is a rare phenomenon. As a result, the agriculture related businesses; especially fertilizers trade was very poor. On top of that there was a major shortage of one of the raw materials due to running out of zinc ore deposits with Hindustan Zinc Ltd., a major supplier of Sulphuric Acid to western India. That too in the peak Kharif season. The depreciating Indian currency during major part of the year compounded the situation since the Company's major raw material is imported.

Further the demonetization had a major impact by way of slowdown in Indian agriculture sector. Keeping in mind the huge dependence of the agriculture sector on cash, the farmers, especially small and marginal among them, were adversely affected, offsetting the benefits of a good monsoon season after two years of drought. The agricultural sector is still not fully recovered from the adverse impact of demonetization. We are keeping an eye on the market and continuing with all our schemes and promotions for rewarding non-cash payments.

During the year, even though the turnover of your Company has decreased from Rs. 39,404.56 lacs for the year 2015-16 to Rs. 36,202.58 lacs for the year 2016-17 by about 8% the operating income has decreased only marginally from Rs 4,165.11 lacs in 2015-16 to Rs 4,148.27 lacs in 2016-17, and the cash profit has decreased from Rs 1,198.88 lacs to Rs 1,033.68 in the respective periods, while the net profit after tax has increased from Rs. 165.67 lacs to Rs. 179.17 lacs. The increase in net profit after tax is mainly due to the provision of MAT Credit Entitlement Rs 76.36 lacs in 2016-17 against Rs. NIL lacs in 2015-16.

The Company has produced 415452 MT (previous year 337329 MT) Single Super Phosphate and sold 385574 MT including export of 500 MT (previous year 404646 MT).

The Company is trying to diversify its portfolio and has initiated import of NPK fertilizers in a small way. The Company has imported 6417 MT NPK fertilizers (previous year NIL) and sold 2898 MT during the year (previous year NIL).

The Company is continuing its efforts for optimizing its current assets to leverage sales on the one hand and diversifying into new geographical markets on the other. More focus is being laid on producing value added fortified fertilizers, to improve the product portfolio. Further, with the long range forecast of normal monsoons in the current year 2017-18, we expect to perform better in this year.

The Government has also removed the statutory requirement of minimum production effective from the financial year 2016-17 onwards. This would further benefit the SSP Industry, as an unnecessary burden to produce material compulsorily has been done away with. Now, the industry can produce only the desired quantity as per the requirement of the markets.

The Government has reduced the Nutrient Based Subsidy rates from Rs.2343/- per MT to Rs. 2166/- per MT w.e.f. 01.04.2017 and this revision in subsidy would impact the realizations in the short term, however we expect the impact would be neutralized over a period with gradual increase in prices of the products.

Raw material prices now seem to have stabilized. Further with the expected long term policy of the Government of India for direct subsidy to farmers it shall help the growth of SSP Industry in a free but competitive environment.

#### SOYA/AGRI DIVISION

The Soya Industry is passing through a tough phase with widespread activities of speculation by Industry players.

The Company has reduced its activities in this segment to a large extent along with total control on fixed expenses.

#### GOODS AND SERVICE TAX (GST)

The passage of the GST bill in the Parliament is a positive for the economy and will bring in more transparency in the tax administration. GST will create a common Indian market, improve tax compliance and governance. The transition to GST is complex from an administrative as well as a technological perspective. What will be critical is the efficiency in relation to its implementation.

#### DIVIDEND

The Board of Directors is pleased to recommend final dividend of Re. 0.05 per equity share (face value of Re. 1/- per share) for the financial year 2016-17, previous year Re.0.05 per equity share.

#### SHARE CAPITAL

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2017 was Rs. 969.89 Lacs divided into 9,69,89,200 shares of Re. 1/- each. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

#### RESERVES AND SURPLUS

The Company has not transferred any amount to General Reserves for the financial year 2016-17.

#### INVESTORS EDUCATION AND PROTECTION FUND

Dividend which was declared by the Company for the year ended March 31, 2010 at the Annual General Meeting held on July 30, 2010 and remained unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government on August 27, 2017 pursuant to the provisions of Companies Act, 2013. Thereafter no claim shall lie on dividend for the year ended March, 2010 from the shareholders.

#### PROJECTS & FINANCE

The Company has availed loans of Rs. 11.85 Crores, from State Bank of India and Axis Bank for modernization of acid plants and purchase of vehicles.

#### FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year under review, pursuant to the provisions of Section 73 of the Companies Act, 2013 & the Deposit Rules made thereunder.

# **KHAITAN CHEMICALS AND FERTILIZERS LIMITED**



## **MATERIAL CHANGES EFFECTING FINANCIAL POSITION OF THE COMPANY**

No material changes have occurred and commitments made, affecting the financial position of the Company, between the end of the financial year of the Company and the date of this report. There is no order passed by any regulator or court or tribunal against the company, impacting the going concern concept or future operations of the Company.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Information required under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed in Form-A of **Annexure 'A'** and forms part of the report.

Your Directors are of the opinion that the Company has already opted for latest technology for producing Single Super Phosphate, Sulphuric Acid and Seed Processing & Oil Refinery. Hence, information specified to be given in Form-B of **Annexure 'A'** is not applicable.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In accordance with Schedule V (B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report forms part of this Report (**Annexure - B**)

## **FOREIGN EXCHANGE EARNING AND OUTGO**

The Company has earned Rs. 55.41 lacs on export of goods (Previous year Rs. NIL) and incurred Rs. 12653.73 lacs (Previous year Rs. 6937.79 lacs) on import of Raw Materials, NPK Fertilizers, Fees & Subscription and Interest on Foreign Currency Loan.

## **DIRECTORS**

In accordance with the provisions of Section 152 (6) (c) of the Companies Act, 2013 and the Articles of Association of the Company, Shri Utsav Khaitan (DIN : 03021454), Whole Time Director of the Company is due to retire at forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment. Directors recommend his reappointment for the consideration of members of the Company at the ensuing Annual General Meeting.

Particulars of the directors seeking appointment/re-appointment are provided in the notes forming part of the notice for the ensuing Annual General Meeting, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has received disclosures from all the directors and none of the directors has been disqualified as stipulated under Section 164 of the Companies Act, 2013 and rules made thereunder.

During the year, the Board of Directors met 5 (Five) times. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report (**Annexure - C**).

## **KEY MANAGERIAL PERSONNEL**

The following employees were designated as whole-time Key Managerial Personnel as required under section 203 of the Companies Act, 2013 by the Board of Directors during the year under review:

- (a) Shri Shailesh Khaitan, Chairman & Managing Director;
- (b) Shri Harsh Vardhan Agnihotri, President & Chief Financial Officer and
- (c) Shri Kamlesh Joshi, Company Secretary & General Manager

## **INDEPENDENT DIRECTORS DECLARATION**

The Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Regulation 16 (B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

## **CORPORATE GOVERNANCE**

Your Company has always strived to maintain appropriate standards of good corporate governance. The report on corporate governance as stipulated under Schedule V (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report. The requisite certificate confirming compliance with the conditions of corporate governance as stipulated under the said clause is attached to this report. (**Annexure – C**).

## **DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES**

The Company has no Subsidiary/Joint Venture/Associate Company.

## **PARTICULARS OF LOAN, GUARANTEES, INVESTMENTS**

During the year under review, the Company has not made any investments or given loan or provided security or guarantees falling under the provisions of Section 186 of the "the Act".

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

As per the requirement of Section 177 (9) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism called the 'Whistle Blower Policy' for Directors and Employees to report concern of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and the details of the Whistle Blower Policy has been uploaded on the Company's website, Web-link: <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-Vigil-Mechanism-Policy>

## **NOMINATION AND REMUNERATION POLICY**

Pursuant to Section 178 of the Companies Act, 2013, the rules made there under and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Nomination and Remuneration Committee, comprises of Shri Balmukund Dakhera, Chairman, Shri Vijay Gupta and Ms. Veena Chadha as its members.

The Nomination and Remuneration Committee framed a policy for selection and appointment, re-appointment, removal, appraisals of Directors and Senior Management and the same is stated in the Corporate Governance Report (**Annexure – C**).

## **AUDITORS & AUDIT REPORT**

Pursuant to provisions of section 139 of the Companies Act, 2013 and rules made thereunder, the term of Office of M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, as Statutory Auditors of the Company, will conclude from the close of ensuing Annual General Meeting of the Company.

The Board of Directors places on record its appreciation to the services rendered by M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi as the Statutory Auditors of the Company.

The Company has received proposal from M/s. NSBP & Co., Chartered Accountants, New Delhi, regarding appointment of Statutory Auditors of the Company and they have also consented for carrying out the Statutory Audit of the Company.

The Board has recommended appointment of M/s. NSBP & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company for carrying out the Statutory Audit of the Company for the Term of 5 years commencing from the conclusion of 35<sup>th</sup> Annual General Meeting to the conclusion of 40<sup>th</sup> Annual General Meeting of the Company (from Financial Year 2017-2018 to 2021-2022), which will be subject to ratification by shareholders in ensuing Annual General Meeting. The Company has received a certificate from them to the effect that their appointment as Statutory Auditors of the Company, if made, would be within the limit prescribed u/s 139 & 141 of the Companies Act, 2013 & also received a peer review certificate issued by the ICAI 'Peer Review Board', as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder, either to the Company or to the Central Government.

The notes on accounts referred to and the Auditors' Report are self-explanatory and therefore do not call for any explanatory note.

## **COST AUDITOR**

The Board of Directors, in pursuance of an order under section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, issued by the Central Government, has appointed on the recommendation of Audit Committee M/s. M.P. Turakhia & Associates, Cost Accountants, Indore as Cost Auditors to conduct audit of the cost accounts maintained by the Company in respect of Fertilizer, Sulphuric Acid and Soya products for the financial year 2017-18.

As required under Companies Act, 2013 a resolution seeking members approval for the remuneration payable to cost Auditor forms part of the notice conveying the Annual General Meeting for their ratification.



# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## **INTERNAL AUDITOR**

M/s. APAS & Company, Chartered Accountants, New Delhi is appointed as an Internal Auditor of the Company to conduct the internal audit of the Company for the Financial Year 2017-18, as required under Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014.

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the Internal Control System and suggest improvements to strengthen the same. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board. Based on the report of internal audit function, Company undertakes corrective action in their respective areas and thereby strengthen the controls. Recommendations along with corrective actions thereon are presented to the Audit Committee of the Board and accordingly implementation has been carried out by the Company.

## **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Ritesh Gupta & Co., Company Secretaries, Indore, to undertake the Secretarial Audit of the Company for the financial year 2017-18.

The Secretarial Audit Report is self-explanatory and therefore do not call for any explanatory note and the same is annexed herewith as **(Annexure - D)**.

## **SECRETARIAL STANDARDS**

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES**

Pursuant to Section 135 of Companies Act, 2013 and the relevant rules, the Corporate Social Responsibility Committee comprises of Shri Jagdish Lal Jajoo as the Chairman and Shri Utsav Khaitan, Shri Balmukund Dakhera, Shri Vijay Gupta & Ms. Veena Chadha as its members. The detailed CSR Policy has been uploaded on Company's Website, **Web-link: <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>**

The Company is not required to spend any amount towards CSR Expenditure as none of the thresholds as specified in Section 135 (1) of the Companies Act, 2013 is crossed. **(Annexure - E)**

## **BOARD EVALUATION**

Pursuant to the provisions of section 134 (3) (p) of the Companies Act, 2013 and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees with the Company.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return for the year ended March 31, 2017 in Form MGT-9 is annexed **(Annexure - F)**.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. they 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 as at 31<sup>st</sup> March, 2017 and of the profit & loss of the Company for that period;

3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956/2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.
5. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY**

As per the requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated the Policy on Materiality of Related Party Transactions. All such transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and the same has been approved by the Board. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature and the same is been reviewed by the Audit Committee on quarterly basis. The company has framed Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions and is placed on the Company's website and the web link for the same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Policy-on-materiality-of-RPT-KCFL.pdf>. The Company has also formed Related Party Transactions Policy and the weblink for same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Related-Party-Transactions-Policy.pdf>.

Pursuant to the provisions of Section 134 (3) (h) of the Companies Act, 2013, the particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, and prescribed in Form AOC-2 of Companies (Accounts) Rules, 2014, are appended as **Annexure-G** to this report. Related Party Transactions during the year have been disclosed as a part of Financial Statements as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

## **LISTING OF SHARES**

Shares of the Company are listed on The Bombay Stock Exchange Limited (BSE), Mumbai, which provides a wider access to the investors nationwide.

The Company has made all the compliances of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including payment of annual listing fees up to 31<sup>st</sup> March, 2018 to the BSE.

## **DEMATERIALIZATION OF SHARES**

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31, 2017, 97.02% of the share capital stands dematerialized.

## **RISK MANAGEMENT**

The Company has in place Risk Management Policy as per requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 134(3)(n) of the Companies Act, 2013, which requires the Company to lay down procedure for risk assessment and risk minimization. The Board of Directors, Audit committee and the Senior Management of the Company should periodically review the policy and monitor its implementation to ensure the optimization of business performance, to promote confidence amongst stake holders in the business processes, plan and meet strategic objectives and evaluate, tackle and

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



resolve various risks associated with the Company. The business of the Company is exposed to various risks, arising out of internal and external factors i.e. Industry, Competition, Input, Geography, Financial, Regulatory, Other Operational, Information Technology related other risks.

## Implementation of the Scheme

The functional managers at all locations will be responsible for identifying and assessing the risks within their areas of responsibilities and actions agreed beforehand to resolve such risks. They will report for any new risk or changes in the existing risk to the President/Managing Director. The Board and the senior executives of the Company will oversee the implementation of the policy and review the same periodically; the Board will be updated on key risks faced by the Company and the mitigating actions taken to resolve them.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN 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 the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed off during the year 2016-17.

No of complaints received: · NIL

No of complaints disposed off: Not Applicable"

## PARTICULARS OF EMPLOYEES

In terms of provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the rules there under as amended from time to time, forms part of this report (Annexure-H).

There are no instances of employees who was in receipt of remuneration in excess of the limit prescribed in 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 and the rules made thereunder.

In accordance with the provisions of Section 136 of the Act, the Annual Report and Accounts are being sent to all the Members of the Company excluding the aforesaid information and the said particulars will be made available on request and also made available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary of the Company.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

## APPRECIATION

The Board of Directors, wish to place on record its sincere appreciation for the support and co-operation received from all its stakeholders including customers, promoters, shareholders, bankers, suppliers, auditors, various departments/ agencies of Central/State Government and other business associates of the Company.

Your Board recognizes and appreciates the contributions made by all employees at all level that ensure sustained performance in a challenging environment.

for and on behalf of the Board

(SHAILESH KHAITAN)  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00041247

Place: Gurugram  
Date: May 29, 2017

Annexure - 'A'

I - Form 'A' for disclosure of particulars with respect to conservation of energy and forming part of Directors' Report:

## A) Power & Fuel Consumption:

Item	Current Year	Previous Year
<b>1. Electricity:</b>		
a) Purchased Units (KWH)	14195788	11278655
Total amount (Rs. in Lacs)	1124.72	922.29
Rate/Unit (Rs.)	7.92	8.18
b) Own generation:		
i. Through diesel generator Units (KWH)	25793	18967
Total amount (Rs. in Lacs)	7.03	4.60
Rate/Unit (Rs.)	27.25	24.24
ii. Through steam turbine Units * (KWH)	6616619	4608791
Total amount	-	-
(*Net of Self Consumption in TG)		
<b>2. Coal:</b>		
Quantity (In MT)	4142	3183
Total Cost (Rs. in Lacs)	259.63	217.78
Rate/Unit (MT) (Rs.)	6268.96	6842.30
<b>3. Furnace oil:</b>		
Quantity (K. Lts.)	54	152
Total Amount (Rs. in lacs)	16.31	51.61
Average Rate /Lt.	30.38	33.99

## B. Consumption per Unit of Production:

Item	Product	Current Year	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	32.47	29.88
	S.A./Oleum/Liquid So3	66.18	64.23
	Labsa	N.A.	N.A.
	Soya Oil/Doc	N.A.	N.A.
Coal (KG/MT)	Soya Oil/Doc/Power	N.A.	N.A.
	G.S.S.P.	35.27	35.36



### CAUTIONARY STATEMENT

Some of the statements in the report may be forward looking and are stated as required by applicable laws & regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

The Company's Performance is dependent on several external factors such as performance of monsoon, government policy, fluctuation of price of raw material and finished products and also their availability etc. which could adversely affect the operations of the Company.

### BUSINESS OVERVIEW

The Company is mainly engaged in the manufacturing of Single Super Phosphate (Fertilizer), Sulphuric Acid (Chemical) and Soya Edible Oil. All the segments are related to agriculture and totally dependent on monsoon. **Segment-wise Business Review and Operational and Financial Performance:**

The summarized performance of the Company in terms of production and sales for last 5 years are as under:

(Quantity in MT)

Particular	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Production:</b>					
SSP	415452	337329	347238	392448	389052
Sulphuric Acid	105792	86279	71580	120260	123014
Oleum/Liquid So <sub>3</sub>	3245	2318	2115	1479	1193
Seed Crushing	-	-	-	2135	4362
Refined Oil	-	-	-	318	3878
<b>Sales:</b>					
SSP	385574	404646	322071	372984	402861
Sulphuric Acid	51710	46567	41815	57750	38555
Soya Oil	1001	1709	2083	2456	4527
De-Oiled Cake	-	-	-	1730	4509

The summarized financial performance of the Company for last 5 years are as under:  
(Rs. In lacs)

Particular	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Sales:</b>					
Fertilizer	34803.84	37079.10	30320.89	35289.93	39893.47
Soya / Agri	1347.60	2284.46	2565.78	3462.14	5027.46
<b>PBIDT:</b>					
Fertilizer	2948.36	3118.46	2750.19	1836.86	2520.40
Soya / Agri	361.03	173.89	67.44	20.35	(212.59)
<b>EPS(Rs) :</b>	0.18	0.17	0.36	(0.17)	0.22
<b>DIVIDEND:</b>	5%	5%	5%	5%	5%
<b>Face Value (Per share)</b>	1	1	1	1	1

The year 2016-17 even though was a normal monsoon year for most of the Country but for Maharashtra, Karantaka, Telanagana amongst other south Indian states experienced deficient rainfall. Apart from this, the Industry was beleaguered with three major events, which affected the performance negatively. Hindustan Zinc Ltd. a major supplier of Sulphuric Acid to western parts of India had run into out of zinc ore from its open cast mining thereby affecting production in most of our units in peak season. The depreciation of Indian currency during major part of the year compounded the situation since the Company's major raw material is imported.

Demonetisation simply chopped off the on the ongoing Rabi season and as result the sales of Fertilizer stopped altogether. Keeping in mind the huge dependence of the agriculture sector on cash, it is feared that farmers, especially small and marginal among them, were adversely affected, offsetting the benefits of a good monsoon season after two years of drought in some of the regions. The agricultural sector is still recovering from the affects of demonetization and it will still take some more time to resume full operations. We are keeping an eye on the market and continuing with all our schemes and promotions for rewarding non-cash payments.

During the year, even though the turnover of your Company has decreased from Rs. 39,404.56 lacs for the year 2015-16 to Rs. 36,202.58 lacs for the year 2016-17 by about 8% the operating income has decreased only marginally from Rs 4,165.11 lacs in 2015-16 to Rs 4,148.27 lacs in 2016-17,

and the cash profit has decreased from Rs 1,198.88 lacs to Rs 1,033.68 in the respective periods, while the net profit after tax has increased from Rs. 165.67 lacs to Rs. 179.17 lacs. The increase in net profit after tax is mainly due to the provision of MAT Credit Entitlement Rs 76.36 lacs in 2016-17 against Rs. NIL lacs in 2015-16.

### FERTILIZERS & CHEMICALS DIVISION

The Company has India's largest Single Super Phosphate (SSP) production capacity of 11,13,500 MT in the states of Madhya Pradesh, Rajasthan, Uttar Pradesh, Chhattisgarh & Gujarat alongwith Sulphuric Acid (SA) production capacity of 2,70,600 MT in the States of Madhya Pradesh, Uttar Pradesh & Chhattisgarh. Sulphuric Acid is also a raw material for production of SSP.

The Company has produced 415452 MT (previous year 337329 MT) Single Super Phosphate and sold 385574 MT including export of 500 MT (previous year 404646 MT).

The Company is trying to diversify its portfolio and has initiated import of NPK fertilizers in a small way. The Company has imported 6417 MT NPK fertilizers (previous year NIL) and sold 2898 MT during the year (previous year NIL).

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Agriculture is the third largest sector of Indian Economy, which contributes around 17% of total GDP of the Country. Fertilizer Industry, with the emerging scenario, plays vital role in the growth of Agriculture Sector. The balanced use of chemical fertilizer is important not only for increasing agricultural productivity but also for sustaining soil fertility.

The Company is producing SSP, which contains Phosphate, Sulphur, Calcium and other micro nutrients and could be said to be a 'Generic Customized Fertilizer'. It is an essential Fertilizer for crops likes Oilseeds, Pulses, Sugarcane, Fruits and Vegetables, Tea etc. and for sulphur deficient soils. Main features of SSP Fertilizer Industry are-

- Basic need for agriculture and its development.
- Second largest consumer in the world.
- Third largest producers in the world.
- SSP is multi-nutrient fertilizer containing P<sub>2</sub>O<sub>5</sub> as primary nutrient and Sulphur, Calcium & magnesium as secondary nutrients.
- SSP fertilizer is the lowest priced fertiizer per kg, and preferred by small & marginal farmers.
- Highly dependent on Imported Raw Material.
- Highly subsidised by Government of India.
- Substantial Import of Finished Products other than SSP.

SSP, which is a poor farmer's fertilizer (price wise), is an option to optimize the use of phosphate fertilizers. It also helps to treat sulphur deficiency in soil (40% Indian soil is sulphur deficient) as well as for further enhancement of yields at the least cost.

However, the Fertilizer Industry including SSP is a working capital intensive Industry. Therefore interest rates and delay in disbursement of subsidy are always matters of concern to the Company.

Government's continuous thrust to encourage SSP to substitute imports of DAP and NPK is an indicator of upward trend in the Industry's future.

### Future Outlook

It is expected that the Country will have an above normal monsoon in 2017, resulting in relief to Indian agriculture sector and related industries like Fertilizer.

Government of India has initiated a road map to move towards the system of paying subsidy directly to beneficiary viz, the farmers, which will improve targeted delivery of subsidies to the farmers and eliminate leakages by direct benefit transfer (DBT) using JAM [Jan Dhan Yojana (JDY), Aadhar Card and Mobile No.] platform.

The Government has also removed the statutory requirement of minimum production, effective from the financial year 2016-17. This would further benefit the SSP Industry, as an unnecessary burden to produce material compulsorily has been done away with. Now, the Industry can produce only the desired quantity as per the requirement of the markets.

The Government has reduced the Nutrient Based Subsidy rates from Rs. 2343/- per MT to Rs. 2166/- per MT w.e.f. 01.04.2017 and this revision in subsidy would impact the realizations in the short term, however we expect the impact would be neutralized over a period with gradual increase in prices of the products.



Despite the slowdown in the previous years, the SSP Industry is very optimistic for the coming financial years, on account of relatively stable currency rates, stable global prices of key inputs, fewer regulatory hurdles and normal monsoon, and expect a steady financial performance in FY 2017-18.

The performance of the Company is expected to be better in coming years considering its basic strengths like high integrated capacity which is already operational, multi-geographical locations and established brands. The well maintained plant and equipments ensure uninterrupted production and distribution of goods.

The passage of the GST bill in the Parliament is a positive for the economy and will bring in more transparency in the tax administration. GST will create a common Indian market, improve tax compliance and governance. The transition to GST is complex from an administrative as well as a technological perspective. What will be critical is the efficiency in relation to its implementation.

#### **Opportunity, Threats, Risk & Concerns**

The Company welcomes the Government's initiative to directly transfer the subsidy to farmers which shall give the farmers unrestricted choice as well as make them understand the real worth of fertilizer used by them.

The Company is in an advantageous position for tapping its already established production capacity with multi-geographical locations; widespread marketing network and high brand value for its product.

NBS policy as envisaged has attracted new entrants in the market, which in fact shall be better for the wider reach of this long neglected product and establishing the SSP Industry in its right place. However, entry of new entrants in overall bad market conditions has created excess supply in the market resulting into changing consumption and stocking patterns necessitating higher inventories.

SSP fertilisers are based on imported raw-materials which can face severe volatility in prices and foreign currency exchange rates, affecting the profitability of the Company. Agro-Climatic conditions also have large effect on the performance of the Company.

Raw material prices seem to have almost stabilized and therefore with a long term policy from the GOI and the road-map for direct subsidy to farmers shall help the growth of SSP Industry in free but competitive environment.

Delay in subsidy payments, uncertainty of monsoon, volatile international market of raw material, seasonal consumption of fertilizer (2 months/year), lack of awareness of benefits of SSP consumption amongst farmer fraternity, clubbed with logistics availability/ cost and higher requirement of working capital shall remain concerns for the Industry & of the Company.

#### **Soya/Agri Division**

The Company is having 1400 TPD Soyabean crushing capacity along with 100 TPD Edible Oil Refinery located in Soyabean growing area i.e., Ratlam, Madhya Pradesh, which is well connected with rail/road network with nearby ports.

The Soya Industry is passing through a tough phase with widespread activities of speculation by Industry players.

The Company has reduced its activities in this segment to a large extent alongwith total control on fixed expenses.

During the year, the Company has crushed Nil MT (Previous year Nil MT) Soyabean seed.

#### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The most popular and the largest produced oilseed in the world is Soyabean. It has got the support of wide variety of climates and soils and that is why it is considered to be the most economical crop and has a good worth.

Soya oil is extracted from the basic Soyabean through complex refining process by crushing Soyabeans, 17-18% soy oil is recovered and the rest is called soy meal or De-oiled cake.

The contribution of soy oil in world's total oil production has reached around 25%, after growing at 5.8% p.a. during the last 10-16 years, and figures around 31 million tons in absolute terms. Countries like U.S, China, Argentina and India have a strong consumer base. Consumption has also risen in other nations like European Union, Central Europe, Egypt, Morocco, Mexico, and Brazil.

Soyabean meal comprises of the remnant after the oil extraction. It has high protein content and is easily digestible and that is why it serves as an animal feed and accounts for about 65% of the world's total animal feed.

Soyabean holds a very important position in the Indian agriculture and economy. Madhya Pradesh has the lead among the Soyabean producing states in India followed by Maharashtra. The other major producers are Rajasthan and Andhra Pradesh. The major trading centers for soy in India include Indore and Ujjain in Madhya Pradesh, Nagpur in Maharashtra and Kota in Rajasthan.

The total crop size in India is about 10-12 million tonnes out of world crop of 250 million tonnes. Soya Oil is consumed in the country while sadly a protein deficient country like India is exporting its cheapest protein containing soy meal to other countries due to poor promotion of its benefits and by incentivising Exports. However, in due course of time home consumption of Soyabean meal is bound to increase.

Soyabean and Soy-Oil are actively traded in Indian commodity exchanges namely, National Commodity & Derivatives Exchange Limited (NCDEX) and Multi Commodity Exchange of India Limited (MCX). However, the trading in these exchanges are now a days in the hand of speculator instead of showing a reasonable trend due to non feasibility of 'Free Trade' and 'Liquid Market'.

#### **Future Outlook**

In India, crushing capacity of Soyabean is much higher than availability of raw material. In spite of higher capacity, the efficient processing capacity in good locations like ours, shall perform reasonably well with higher Soyabean crop due to increase in yield.

Eventually on expiry of incentive period accorded to new entrant's alongwith control on tax evasion, existing players like us will have a competitive edge in a level playing field. The Company has reduced its fixed expenses in view of limited activities.

#### **Opportunity, Threats, Risk & Concerns**

The Company is enjoying ideal location of its soya processing plant i.e. at the heart of Soyabean cultivation area, which assures us a value added advantage in operations.

The present yield per hectare is around 1.2 MT against world average of 2.4 MT. The yield is increasing by adopting good practices by farmers and reasonable return on Input.

The Indian consumption of soy meal/DOC is bound to increase and therefore Indian soy meal need not to compete in International market which produces and sells its surplus Soyabean, with hefty State subsidies to agriculture.

Production of Soyabean is highly dependent on the vagaries of monsoon. The delayed and uneven monsoon creates shortage of raw material thus, affecting the capacity utilisation and profitability of the Industry. The large crushing capacity with insufficient raw material alongwith long shelf life and volatility of international market make Soyabean & soya oil very speculative products in Commodity Exchanges.

In view of increasing speculative behavior in the market, which is not at all aligned with either international market or with forward market. The Company has reduced its activities in this segment to large extent.

#### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company conducts its business with integrity and high standards of ethics, and in compliance with the laws and regulations that govern its business. The Company has a well established system of internal controls in operations, supported by suitable monitoring procedures and self-assessment exercises. The financial and commercial functions at various locations are structured and reviewed timely to provide adequate support and controls for the business of the Company.

In addition to external audit, The Company has appointed M/s APAS & Company, Chartered Accountants, as an Internal Auditor, who report significant findings to the Audit Committee of the Board. Consequently required steps are taken to improve the operations.

#### **HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

The ability to attract, onboard, develop and engage the right kind of talent is, therefore crucial to an organization long term success. Company strongly believes in continuously taking steps towards talent

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management, leadership development, employee engagement. Employees are the back-bone of good organization and to motivate them to achieve greater heights, the Company undertook various HR initiatives towards their development, enhancement and retention. The Company considers its highly motivated and well-maintained team as its most valuable asset. As on 31.03.2017, the Company has employed 511 peoples at various locations in India.

Amidst all the pressures and demands of the growing business, Industrial Relations continued to be reasonably cordial with our Union(s).

## ENVIRONMENT AND SAFETY

The Company has always considered safety and environment one of its key focus area and has always strived to make continues improvements in these two aspects.

At Company, environment concerns have always taken precedence;

Our Factories are certified by OHSAS 18001-2007 through external auditors and have been re-certified for International standards ISO 14001-2004 for Environment Management System and ISO 9001-2008 for Quality Management System.

To address the concerns on Environment Protection, the Company has set up an Online Monitoring System at all the plants and concrete efforts were made towards natural resource conservation by way of Water Harvesting, Sewage Treatment Plant, etc.

## CONCLUSION

The Company dwells on chalking out the best possible future plans and policies so as to avoid the pitfalls and following the best course in the long run. In both the business segments, a focus on assets utilization, earning maximization, continuous growth and relentless strengthening of the internal efficiencies will enable the Company to deliver superior value for its shareholders on a sustained basis in future.

Annexure - 'C'

## Report on Corporate Governance

In accordance with Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at Khaitan Chemicals and Fertilizers Limited are as under:

### 1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Philosophy on Corporate Governance envisages the attainment of high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including the inter-action with employees, shareholders, creditors, consumer, institutional and other term lenders and place due emphasis on regulatory compliance.

The Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's corporate governance philosophy.

### 2. BOARD OF DIRECTORS

#### COMPOSITION, MEETINGS AND ATTENDANCE

The present strength of the Board of Directors is six. Out of the six directors, three directors are Non-Executive and Independent. Shri Shailesh Khaitan (father of Shri Utsav Khaitan), an Executive Promoter Director is the Chairman & Managing Director of the Company. Shri Utsav Khaitan (son of Shri Shailesh Khaitan) and Shri Jagdish Lal Jajoo, Executive Directors are the Whole Time Directors of the Company. Shri Balmukund Dakhera, Shri Vijay Gupta and Ms. Veena Chadha, Non Executive Directors are the Independent Directors of the Company. The composition of the Board of Directors meets the stipulated requirement.

The Board's composition and categories as on March 31, 2017, and the attendance of each director at Board meetings and the last Annual General Meeting (AGM) are as under:

DIN	Name of Directors	Category	No. of Directorship in other Cos. (excluding Pvt. Cos.)	No. of Board Committee Memberships in other Cos.	No. of Board Committee for which Chairperson	No. of Board meetings Attended	Whether Attended AGM
00041247	Shri Shailesh Khaitan	Promoter, Executive	Three	One	NIL	Five	No
02758763	Shri Jagdish Lal Jajoo	Executive	NIL	NIL	One	Four	Yes
03021454	Shri Utsav Khaitan	Promoter, Executive	NIL	NIL	NIL	Five	No
03511193	Shri Vijay Gupta	Independent, Non-Executive	NIL	NIL	One	Five	Yes
05105269	Shri Balmukund Dakhera	Independent, Non-Executive	NIL	NIL	Two	Four	Yes
06886533	Ms. Veena Chadha	Independent, Non-Executive	NIL	NIL	NIL	Five	No

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Directors of Khaitan Chemicals and Fertilizers Limited do not have Directorship in more than fifteen Companies or membership of more than ten Board level Committees or Chairman of more than five such Committees. Further none of the Independent Director act as an Independent Director in more than seven listed companies.

#### BOARD INDEPENDENCE

The Non-executive Independent Directors fulfill the conditions of Independence specified in Section 149 of the Companies Act, 2013 and rules made thereunder and meet with the requirement of Regulation 16 (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on business strategies/policies etc. and review the financial performance of the Company.

During the financial year ended March 31, 2017, five Board Meetings were held on; May 27, 2016; August 11, 2016; September 28, 2016; November 8, 2016 and February 8, 2017.

The intervals between two meetings was well within the maximum period mentioned under section 173 of the Companies Act, 2013 and Regulation 17(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company's last Annual General Meeting (AGM) was held on August 11, 2016.

#### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Letter of Appointment(s) are issued to Independent Directors setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal induction program including the presentation from the Chairman & Managing Director and Whole Time Directors on the Company's manufacturing, marketing, finance and other important aspects. The web link for the familiarisation programmes for Independent Directors is: <http://khaitanchemfert.com/familiarization-programme-for-independent-directors/>

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## 3. COMMITTEES OF THE BOARD

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board has constituted the following Committees viz, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and the Stakeholders' Relationship Committee. Each of the said Committee has been mandated to operate within a given framework. The Board Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall management of day to day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting.

The Board currently has the following Committees:

### I. AUDIT COMMITTEE

The audit committee of the Company is constituted in line with the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The present strength of the Audit Committee is three as on 31.03.2017. Shri Balmukund Dakhera, Chartered Accountant, is the Chairman of the Audit Committee of the Company. All the members of the Audit Committee are independent and non-executive directors. The recommendations of audit committee were duly accepted by the Board of Directors. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company.

#### (a) Composition, Name of members, Chairperson, Meetings and Attendance during the year:

The Audit committee consisted of the following members as on March 31, 2017:

S. No.	Name of Members	Status	No. of Meetings Attended
1	Shri Balmukund Dakhera	Chairman	4
2	Shri Vijay Gupta	Member	4
3	Ms. Veena Chadha	Member	3

During the financial year ended March 31, 2017, four Audit Committee Meetings were held on May 27, 2016; August 11, 2016; November 8, 2016 and February 8, 2017.

The gap between two meetings did not exceed one hundred and twenty days.

(b) **Terms of reference:** The terms of reference, and the role of Audit Committee is to overview the accounting system, financial reporting, disclosures of financial reporting, internal control system and risk management system of the Company. The powers and role of the Audit Committee are set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 177 of the Companies Act, 2013.

(c) **Quorum:** Two independent members.

(d) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee as required by 18 (1) (e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### II. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013. The present strength of the Nomination and Remuneration Committee is three as on 31.03.2017. All three are non-executive independent directors viz., Shri Balmukund Dakhera, Shri Vijay Gupta & Ms. Veena Chadha. Shri Balmukund Dakhera is the Chairman of the Nomination and Remuneration Committee. The Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting of the Company.

#### (a) Composition, Name of members, Chairperson, Meetings and Attendance during the year:

The Nomination and Remuneration Committee consisted of the following members as on March 31, 2017:

S. No.	Name of Members	Status	No. of Meetings Attended
1	Shri Balmukund Dakhera	Chairman	1
2	Shri Vijay Gupta	Member	1
3	Ms. Veena Chadha	Member	1

During the financial year ended March 31, 2017, one Nomination and Remuneration Committee Meeting was held on May 27, 2016.

(b) **Terms of reference:** The terms of the reference of Nomination and Remuneration Committee includes deciding the Company's policies on specific remuneration packages for all the directors and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the board of Directors and the areas mentioned under Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 178 of the Companies Act, 2013.

(c) **Quorum:** Two independent members.

(d) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee.

(e) **Performance Evaluation Criteria for Independent Directors:** The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors which are as under-

#### AREAS OF EVALUATION

- Frequency of meetings attended
- Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.
- Interpersonal relations with other directors and management.
- Familiarity with the objects, operations and other functions of the company
- Exercise of fiscal oversight and monitoring financial performance and monitoring of Corporate Governance Regulations and compliance
- Adherence to Code of Conduct and Business ethics by directors individually and collectively
- Performance of the Chairperson, Whole time Directors of the company and overall performance of the Board / Committees.

#### (f) NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read alongwith the applicable rules thereto and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

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## Definitions:

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

“**Key Managerial Personnel**” means:

Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;  
Chief Financial Officer;  
Company Secretary; and  
such other officer as may be prescribed.

“**Senior Managerial Personnel**” mean the personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, including all functional heads and factory heads.

## Objective:

The objective of the policy is to guide the Board, in relation to appointment, re-appointment and removal of Directors, Key Managerial Personnel and Senior Management, to evaluate the performance of the Directors, remuneration payable to the Directors, Key Managerial Personnel and Senior Management, so to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage and to guide succession plan for the Board and to regularly review the plan.

## Role of the Committee:

Considering the size of the Company, the role of the NRC will be the following:

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To evaluate / recommend to the Board the appointment/re-appointment and removal of Directors (based on diversity, composition etc.) and Senior Management including their remuneration while keeping in mind that any such process does not distort functional hierarchy.
- Overseeing succession planning for replacing Key Executives.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

## Broad Policy:

- All the recommendations should adhere to applicable statutory provisions.
- The Committee should give uncompromising high weightage to moral /social/financial integrity of any existing/proposed directors/employees.
- The Committee shall decide its own way of working to interface the Organization.
- The Committee shall communicate all its decisions / recommendations by way of minutes of 'Nomination and Remuneration Committee' which shall be considered by the Board of Directors for implementation or otherwise as consider necessary.

## Remuneration Of Directors:

- (a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2016-2017.
- (b) The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings attended by them, of such sum as may be approved by the Board of Directors / Members of the Company within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.
- (c) Details of remuneration paid to Executive Directors for the financial year 2016-17. (Rs. in lacs)

Name	Designation	Salary	Commission/ Sitting Fees	Perks & Allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	30.00	-	27.12	57.12	5 years
Shri Utsav Khaitan	Whole Time Director	24.00	-	-	24.00	5 years
Shri Jagdish Lal Jajoo	Whole Time Director	12.00	-	-	12.00	5 years

## (d) Details of remuneration paid to Non-Executive Directors for the financial year 2016-17:

At present the Non-executive Directors are paid remuneration by way of sitting fees Rs.15000/- & Rs.7500/- for attending each meeting of the Board and the committees respectively. Details of sitting fees paid to Non-executive Directors and shares held by them in the financial year 2016-17 are given below

S. No.	Name of Directors	Sitting Fees (in Rs.)	No.of Shares Held
1	Shri Vijay Gupta	1,57,500	80
2	Shri Balmukund Dakhera	1,12,500	NIL
3	Ms. Veena Chadha	1,27,500	NIL

## III. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Board has constituted a Stakeholders' Relationship Committee consisting of three members as on 31.03.2017, chaired by Shri Vijay Gupta, an Independent, Non-executive Director, Ms. Veena Chadha, an Independent Women Director and CS Kamlesh Joshi, Company Secretary & General Manager of the Company is designated as Compliance Officer. The Committee meets at regular intervals to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificate, non receipt of declared dividend etc. and to review the status of investors' grievances and redressal mechanism and recommends measures to improve the level of investor services. Details of share transfer/transmissions approved by the Committee are placed at the Board Meetings from time to time.

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## (a) COMPOSITION

The constitution of the Stakeholder's Relationship committee are as under:

S. No.	Name	Chairman/Member	No. of Meeting Attended
1	Shri Vijay Gupta	Chairman, Independent, Non-executive	4
2	Ms. Veena Chadha	Member, Independent, Non-executive	3
3	Shri Kamlesh Joshi	Member /Compliance Officer, Executive	4

During the financial year ended March 31, 2017, Four Stakeholder's Relationship Committee Meetings were held on May 27, 2016; August 11, 2016; November 8, 2016 and February 8, 2017.

(a) **QUORUM:** Two Members.

(b) **STATUS OF SHAREHOLDERS' GRIEVANCE:** During the year 2016-17, the Company has received 101 grievances and has resolved the same according to the satisfaction of shareholders within prescribed time. There are no pending grievance as on 31.03.2017.

**Shareholder services, enquiries, complaints:** It has been our endeavor to provide prompt, efficient and satisfactory services to our esteemed Shareholders. We have taken special care in answering the queries of shareholders within the shortest possible time frame. We provide shareholder services in the following time frame:

S. No.	Nature of Query	No. of days for Disposal
1.	Share Transfers	15 days
2.	Demat of Shares	7 days
3.	Dividend Revalidation	7 days
4.	Issue of New Shares on surrender of old shares	2 days
5.	Change of Address / Bank Mandate	2 days
6.	General Queries	2 days

## IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Board has constituted a Corporate Social Responsibility Committee consisting of five members, chaired by Shri Jagdish Lal Jajoo, Whole Time Director of the Company. The composition of CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The terms of reference of the CSR Committee broadly comprises to review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress. The detailed CSR Policy has also been uploaded on Company's Website:

**Web-link:** <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>.

### COMPOSITION

The constitution of the Corporate Social Responsibility committee are as under:

S.No	Name	Chairman/ Member	No. of Meeting Attended
1.	Shri Jagdish Lal Jajoo	Chairman, Whole Time Director	NIL
2.	Shri Utsav Khaitan	Member, Whole time Director	1
3.	Shri Vijay Gupta	Member, Independent, Non-executive	1
4.	Shri Balmukund Dakhera	Member, Independent, Non-executive	1
5.	Ms. Veena Chadha	Member, Independent, Non-executive	1

During the financial year ended March 31, 2017, one meeting of Corporate Social Responsibility Committee was held on February 8, 2017.

(a) **Quorum:** Two Members.

(b) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee.

### 4. INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors' met on February 8, 2017, inter-alia to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

### 5. ANNUAL GENERAL MEETINGS:

Location, date and time of the Annual General Meetings of the Company held during preceding 3 years are given below:

AGM No.	Financial Year	Location of the Meeting	Date	Time	Whether passed any Special Resolutions
32.	2013-2014	Registered office of the Company	August 7, 2014	1.00 P.M.	Yes*
33.	2014-2015	Registered office of the Company	August 5, 2015	1.00 P.M.	Yes**
34	2015-2016	Registered office of the Company	August 11, 2016	1.00 P.M.	No

\* The Company has in its AGM held on August 7, 2014 has passed the following special resolutions:

- Adoption of New Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.
- Increase in the Overall limit of Borrowing.

\*\* The Company has in its AGM held on August 5, 2015 has passed the following special resolution:

- Appointment of Shri Jagdish Lal Jajoo as Whole Time Director.



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## 6. MEANS OF COMMUNICATION

- The main channel of communication to the shareholders is through Annual Report, which includes inter-alia, the Directors' Report, the Auditors' Report, Management Discussion and Analysis Report, Report on Corporate Governance, Audited Financial Statements and other important information.
- The website of the Company [www.khaitanchemfert.com](http://www.khaitanchemfert.com) acts as the primary source of information regarding the operations of the Company, quarterly/ half-yearly/ annual financial results and other media releases are being displayed on the Company's website.
- Quarterly/ half-yearly/ annual results approved by the Board of Directors are submitted to the Stock Exchange in terms of the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in the following news papers, namely, Free Press (English) and Chautha Sansar (Hindi).

## 7. GENERAL SHAREHOLDER INFORMATION

### (a) Annual General Meeting

The 35<sup>th</sup> Annual General meeting of the Company will be held on Tuesday, the 22<sup>nd</sup> day of August, 2017 from 3:00 P.M. at Registered Office of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451 569 (M.P.)

### (b) Financial Calendar for the Financial Year 2017-18

• Financial reporting for the quarter ending June 30, 2017	On or before August 14, 2017
• Financial reporting for the half year ending September 30, 2017	On or before November 14, 2017
• Financial reporting for the quarter ending December 31, 2017	On or before February 14, 2018
• Financial reporting for the year ending March 31, 2018	On or before May 30, 2018

### (c) Dividend Payment : Dividend, if declared will be paid on Thursday, 24<sup>th</sup> day of August, 2017

### (d) Unclaimed Dividend/ Shares

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the company to the Investor Education and Protection Fund ("the IEPF"), a fund established under sub-section (1) of section 125. The Company has sent intimation to all such shareholders who have not claimed their dividend for seven consecutive years. The details of unclaimed/unpaid dividend are also available on the website of the Company viz. [www.khaitanchemfert.com](http://www.khaitanchemfert.com)

The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2008-09 to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of Companies Act, 2013

### (e) Listing of Shares:

The Shares of the Company is listed on The Bombay Stock Exchange Ltd., (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001. The Company has paid Annual Listing Fee for the year 2017-18 to the Stock Exchange.

### (f) Stock Code: 507794.

### (g) International Security Identification No. (ISIN): NSDL and CDSL: INE745B01028

### (h) Market Price Data and Comparison with SENSEX:

The monthly high and low quotations and volume of shares traded on the Stock Exchange, Mumbai (BSE) along with comparison with S&P BSE SENSEX is as follows:

Month	Monthly High (n Rs.)	Monthly Low (n Rs.)	Volume of Shares Traded	SENSEX Monthly High	SENSEX Monthly Low
April, 2016	9.50	7.97	317102	26100.54	24523.20
May, 2016	9.20	8.21	251401	26837.20	25057.93
June, 2016	14.52	8.01	886324	27105.41	25911.33
July, 2016	13.40	9.63	917728	28240.20	27034.14
August, 2016	16.50	12.30	1279183	28532.25	27627.97
September, 2016	16.98	12.50	452563	29077.28	27716.78
October, 2016	23.44	13.62	1820149	28477.65	27488.30
November, 2016	20.79	13.16	669200	28029.80	25717.93
December, 2016	17.30	13.45	194411	26803.76	25753.74
January, 2017	18.18	14.25	890423	27980.39	26447.06
February, 2017	18.10	15.60	381615	29065.31	27590.10
March, 2017	16.95	13.95	1118325	29824.62	28716.21

### (i) Registrar & Share Transfer Agent :

M/s. Ankit Consultancy Pvt. Ltd., 60, Electronic Complex, Pardeshipura, Indore (M.P.) 452 010  
Tel.: 0731-2551745-46, 4281333 Fax: 0731-406579, e-mail: ankit\_4321@yahoo.com

### (j) Share Transfer System: In order to expedite the process of share transfers, the Board has delegated the power to approve share transfers to the Company Secretary, who attend to share transfer formalities fortnightly. The Company has appointed M/s. Ankit Consultancy Pvt. Ltd. as Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/ rematerialization of securities.

### (k) Distribution of shareholding as on March 31, 2017

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 1000	20223	93.30	4334095	4.47
1001 to 2000	661	3.05	1077254	1.11
2001 to 3000	205	0.95	549788	0.57
3001 to 4000	106	0.49	390470	0.40
4001 to 5000	142	0.66	690265	0.71
5001 to 10000	162	0.75	1252859	1.29
10001 and above	176	0.81	88694469	91.45
<b>Grand Total</b>	<b>21675</b>	<b>100.00</b>	<b>96989200</b>	<b>100.00</b>

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Categories of Shareholders as on March 31, 2017 :

Category	No. of shares Held	% of Shareholding
Promoters	72736169	74.99
Financial Institutions, Mutual Fund and Banks	6950	0.01
Private Corporate Bodies	4152969	4.28
Non-residents /OCBs	540153	0.56
Indian Public	19552959	20.16
<b>Total</b>	<b>96989200</b>	<b>100.00</b>

- (l) **Dematerialisation of Shares and liquidity:** Trading in Khaitan Chemicals and Fertilizers Limited shares is permitted only in dematerialised form with effect from 26<sup>th</sup> March, 2001, as per notification issued by the Securities and Exchange Board of India (SEBI).  
At present, the Company's shares are fully available for trading in the depository systems of both NSDL and CDSL. As on 31<sup>st</sup> March, 2017, 94099032 equity shares of the Company, which amount to 97.02% of the equity capital exist under the electronic form. **Those shareholders, who have still not got their shares dematerialised, are advised to do so, as soon as possible, in view of many advantages that exists therein.**
- (m) **Commodity Price Risk/ Foreign Exchange Risk and Hedging:** Foreign Exchange Risk has been fully covered by the Company.
- (n) **Plant Locations:** The Company has the following manufacturing and operating divisions:  
**Fertilizers & Chemicals Division**  
1. A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.)-451 569  
2. Village Goramachia, Jhansi-Kanpur Road, Jhansi (U.P.)-248 001  
3. Village Dhinva, Tehsil Nimbahera, Dist. Chhittorgarh -312 601 (Rajasthan)  
4. A-1, UPSIDC Industrial Area, Malwan, Dist. Fatehpur-212 664 (U.P.)  
5. Village Farhad (Somni), Dist. Rajnandgaon-491443 (Chhattisgarh)  
6. 42/7, GIDC Industrial Estate, Dahej, Vagra, Dist. Bharuch-392 130 (Gujarat)  
**Soya / Agri Division**  
7. Industrial Area, Dosigaon, Ratlam (M.P.)- 457 001
- (o) **Investor Correspondence (Details of Compliance Officer)**  
For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any query relating to the shares of the Company please write to:  
**CS KAMLESH JOSHI**  
**Company Secretary & General Manager**  
Khaitan Chemicals and Fertilizers Limited  
CIN : L24219MP1982PLC004937  
Apollo Arcade, 3<sup>rd</sup> Floor, 1/2, Old Palasia, Indore-452 018.  
Tel. No. 0731-4753666, 4237926 Fax No. 0731-2562572  
e-mail- [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com)
- (p) **Date of Book Closure**  
Thursday, August 17, 2017 to Tuesday, August 22, 2017 (both days inclusive) for Annual General Meeting/payment of Dividend.
8. **OTHER DISCLOSURES**
- a. There are no materially significant transactions with its promoters, the directors or the senior management personnel, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company. The disclosure in respect of related party transactions is provided in the notes on accounts. All contracts with the related parties entered into during the year are in normal course of business and have no potential conflict with the interest of the Company at large and are carried out on arm's length basis at fair market value.
- b. Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.
- c. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has framed a Whistleblower Policy. No personnel has been denied access to the Audit Committee. The detail Whistleblower policy has been uploaded on the Company's website: Web-link: <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-Vigil-Mechanism-Policy.pdf>
- d. The Company has complied with the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Regulation. The Company has adopted various non-mandatory requirements as well, as discussed under relevant headings.
- e. The Company does not have any subsidiary company.
- f. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year, which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.  
The Company has framed Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions and is placed on the Company's website and the web link for the same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Policy-on-materiality-of-RPT-KCFL>. The Company has also formed Related Party Transactions Policy and the web link for same is : <http://khaitanchemfert.com/wp-content/uploads/2016/04/Related-Party-Transactions-Policy>
- g. The Company has in place mechanism to inform Board Members about the Risk Management and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management. A detailed note on risk management is given in the financial review section of the management discussion and analysis report elsewhere in this report. Further the company did not engage in commodity hedging activities.
9. **INSTANCE OF NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT**  
There has been no instance of non-compliance of any requirement of corporate governance report as mentioned in sub-para 2 to 12 above.
10. **ADOPTION OF NON-MANDATORY REQUIREMENTS**  
The Company has adopted below mentioned discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.  
**Reporting of Internal Auditor**  
The Internal Auditor of the Company is a invitee to the Audit Committee Meeting for reporting their findings of the internal audit to the Audit Committee Members.
11. **THE COMPANY HAS FULLY COMPLIED WITH THE APPLICABLE REQUIREMENT SPECIFIED IN REG. 17 TO 27 AND CLAUSE (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

### Declaration Regarding Compliance with the Company's Code of Conduct pursuant to Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As required by Regulation 26 (3), Regulation 34 (3) read with Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Directors and Senior Management of the Company have confirmed compliance with the Code of Conduct as adopted by the Company.

Place: Gurugram  
Date: May 29, 2017

Shailesh Khaitan  
(Chairman & Managing Director)  
DIN : 00041247

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## COMPLIANCE CERTIFICATE

{under Regulation 34(3) and Schedule V(E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

To,  
The Members  
Khaitan Chemicals and Fertilizers Limited  
(CIN:L24219MP1982PLC004937)

We have examined the compliance of conditions of Corporate Governance by Khaitan Chemicals and Fertilizers Limited, for the year ended March 31, 2017, as stipulated in Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the company has complied with conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for Ritesh Gupta & Co.  
Company Secretaries

Place: Indore  
Date : May 29, 2017

Ritesh Gupta  
CP:3764, FCS:5200

### Disclosures with respect to demat suspense account/ unclaimed suspense account pursuant to Regulation 34(3) read with Schedule V (F) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	No. of Shareholders	No. of shares held by them
Detail of shareholders as on 01.04.2016	7408	1969700
Shareholders who approached during the year for transfer of shares	18	7630
Shareholders to whom shares are transferred during the year	18	7630
Detail of shareholders as on 31.03.2017	7390	1962070

Further the voting rights on above mentioned shares are frozen till the rightful owner claims the shares.

Place: Gurugram  
Date: May 29, 2017

Shri Shailesh Khaitan  
(Chairman & Managing Director)  
DIN : 00041247

### CEO and CFO Certification under Regulation 17(8) and Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors  
Khaitan Chemicals and Fertilizers Limited

- We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have indicated to the auditors and the Audit committee:
  - significant changes in internal control over financial reporting during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Yours sincerely,

Place: Gurugram  
Date: May 29, 2017

Shailesh Khaitan  
(Chairman & Managing Director)  
DIN : 00041247

Harsh Vardhan Agnihotri  
(President & Chief Financial Officer)  
PAN No. : ACXPA9375K

**FORM 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 of Managerial Personnel) Rules, 2014]  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**

**To,  
The Members,  
M/s. Khaitan Chemicals and Fertilizers Limited  
A.B. Road, Village- Nimrani  
Khargone (M.P.)- 451 569**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Khaitan Chemicals and Fertilizers Limited** having CIN: L24219MP1982PLC004937 (hereinafter called '**The Company**'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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 opinion, the company has, during the audit period covering the financial year ended 31<sup>st</sup> March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017, according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- 6) Other laws applicable specifically to the Company (as given in '**Annexure-I**' to the Report).

I have also examined compliances with the applicable clause of the following:-

- i Secretarial Standard I pertaining to Board Meeting and Secretarial Standard II pertaining to General Meeting issued by the Institute of Company Secretaries of India were applicable during the year.
- ii The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered by the Company with Bombay Stock Exchange Limited.

I report that 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:

- 1) The provisions, regulation and guidelines prescribed under Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings are not applicable to the Company during the financial year under report;
- 2) The following provisions, regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:-

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- c) The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- e) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998.

I further report that based on the information, representation and reports provided by the Company, its Board of Directors, its designated Officers, and authorized representatives during the conduct of audit and also review on quarterly compliance report submitted by the department heads and taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable Laws, Rules and Regulations and happening of events etc. to the Company.

I further report that the compliances of applicable financial cost and tax laws has not been reviewed in this audit since the same have been subject to review by statutory financial auditor and other designated professionals.

I 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company.

**For Ritesh Gupta & Co.  
Company Secretaries**

**Place: Indore  
Date : May 29, 2017**

**Ritesh Gupta  
CP:3764,FCS:5200**

**Annexure-'I'****IMPORTANT LAWS APPLICABLE SPECIFICALLY TO THE COMPANY**

The Company has complied with the following laws and legislations applicable specifically to the Company.

- 1) Factories Act, 1948;
- 2) The Environmental (Protection) Act, 1986;
- 3) The Water (Prevention & Control of Pollution) Act, 1974;
- 4) The Air (Prevention & Control of Pollution) Act, 1981;
- 5) The Explosive Act, 1884;
- 6) Fertilizer (Control) Order, 1985;

**For Ritesh Gupta & Co.  
Company Secretaries**

**Place: Indore  
Date : May 29, 2017**

**Ritesh Gupta  
CP:3764,FCS:5200**

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Annexure - 'E'

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The Khaitan Chemicals and Fertilizers Group is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service oriented philanthropic institutions in the field of education and healthcare as the core focus areas. Khaitan Chemicals and Fertilizers Limited upholds the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. We believe that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. Therefore, our philanthropic endeavors are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society. The detailed CSR Policy is stated herein as: Web-link: <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>

2. Composition of the CSR Committee:

1. Shri Jagdish Lal Jajoo, Chairman
2. Shri Utsav Khaitan, Member
3. Shri Balmukund Dakhera, Member
4. Shri Vijay Gupta, Member
5. Ms. Veena Chadha, Member

3. Average net profit of the Company for last three financial years:

Average net profit/(loss) : Rs. (371.47) Lacs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company does not qualify to spend any amount towards CSR Expenditure as none of the thresholds as specified in Section 135 (1) of the Companies Act, 2013 is crossed.

5. Details of CSR spend for the financial year 2016-2017:

- a. Total amount spent for the financial year: Rs. Nil
- b. Amount unspent, if any: Nil
- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Projects or Activity identified	Sector in which the project is covered	Projects or Programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount Spent on Projects or Programs	Cumulative expenditure upto the reporting period	Amount Spent : Direct or through implementing agency
1	N.A.	N.A.	N.A.	Rs. NIL	Rs. NIL	Rs. NIL	N.A.

## EXTRACT OF ANNUAL RETURN

Annexure - 'F'

As on Financial Year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT-9

### I. REGISTRATION & OTHER DETAILS :

1	CIN	L24219MP1982PLC004937
2	Registration Date	02.06.1982
3	Name of the Company	Khaitan Chemicals and Fertilizers Limited
4	Category/Sub-Category of the Company	Public company Limited By Shares
5	Address of the Registered office and contact details	A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.) Tel. -07285-2654448/47, Fax -07285-265449 e-mail : <a href="mailto:khaitanchemfert@gmail.com">khaitanchemfert@gmail.com</a>
6	Whether Listed Company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Ankit Consultancy Pvt. Ltd , Plot No. 60, Electronic Complex, Pardeshipura, Indore- 452 001 (M.P.) Tel. No. 0731-2551745/2551746 e-mail : <a href="mailto:ankit_4321@yahoo.com">ankit_4321@yahoo.com</a>

### 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)

S. No.	Name and Description of Main products/Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Manufacture of Straight Inorganic Fertilizers. (Single Super Phosphate)	3011	96.14

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### A) Category-wise Share Holding

Category of Shareholders	No. of. Shares held at the beginning of the year				No. of. Shares held at the end of the year				% Change during the year
	Demat	Physical	Total Shares	% of Total Shares	Demat	Physical	Total Shares	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4923219	-	4923219	5.08	4923219	-	4923219	5.08	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	67812950	-	67812950	69.92	67812950	-	67812950	69.92	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	<b>72736169</b>	<b>-</b>	<b>72736169</b>	<b>74.99</b>	<b>72736169</b>	<b>-</b>	<b>72736169</b>	<b>74.99</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoters(A)=(A)(1)+(A)(2)</b>	<b>72736169</b>	<b>-</b>	<b>72736169</b>	<b>74.99</b>	<b>72736169</b>	<b>-</b>	<b>72736169</b>	<b>74.99</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	4660	-	4660	0.00	4660	-	4660	0.00	-
b) Financial Institutions/ Banks	160	2130	2290	0.00	160	2130	2290	0.00	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>4820</b>	<b>2130</b>	<b>6950</b>	<b>0.01</b>	<b>4820</b>	<b>2130</b>	<b>6950</b>	<b>0.01</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	4967570	157860	5125430	5.29	4133909	19060	41529269	4.28	1.00
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	7466320	2885448	10351768	10.67	8231281	2814858	11046139	11.39	0.72
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	8292691	-	8292691	8.55	8419114	-	8419114	8.68	0.13
c) Others (specify)									
NRI/OCB	421067	52040	473107	0.49	486033	54120	540153	0.56	0.07
Clearing Members	3085	-	3085	0.00	87706	-	87706	0.09	0.09
<b>Sub-total (B)(2):-</b>	<b>21150733</b>	<b>3095348</b>	<b>24246081</b>	<b>25.00</b>	<b>21358043</b>	<b>2888038</b>	<b>24246081</b>	<b>25.00</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>21155553</b>	<b>3097478</b>	<b>24253031</b>	<b>25.01</b>	<b>21362863</b>	<b>2890168</b>	<b>24253031</b>	<b>25.01</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>93891722</b>	<b>3097478</b>	<b>96989200</b>	<b>100.00</b>	<b>94099032</b>	<b>2890168</b>	<b>96989200</b>	<b>100.00</b>	<b>0.00</b>

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## B) Shareholding of Promoters -

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	
1	S.K. Khaitan	7920	0.01	0.00	7920	0.01	0.00	0.00
2	Sailesh Kumar Khaitan	2771910	2.86	1.24	2771910	2.86	1.24	0.00
3	Shailesh Khaitan	800000	0.82	0.00	800000	0.82	0.82	0.00
4	Shradha Projects Limited	45763640	47.18	29.18	45763640	47.18	29.18	0.00
5	Swapna Khaitan	1329950	1.37	0.00	1329950	1.37	0.00	0.00
6	The Majestic Packaging Co. Pvt. Ltd.	22049310	22.73	0.00	22049310	22.73	0.00	0.00
7	Utsav Khaitan	13439	0.01	0.00	13439	0.01	0.00	0.00
	<b>Total</b>	<b>72736169</b>	<b>74.99</b>	<b>30.42</b>	<b>72736169</b>	<b>74.99</b>	<b>31.24</b>	<b>0.00</b>

## C) Change in Promoters' Shareholding (please specify, if there is no change)

S. No	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
I	At the beginning of the year <b>01/04/2016</b>	72736169	74.99	72736169	74.99
II	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): <b>No Change</b>	-	-	-	-
III	At the End of the year <b>31/03/2017</b>	72736169	74.99	72736169	74.99

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

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Vijaya S	2985077	3.08	3252664	3.35
2	Suresh Kanmal Jajoo	2680131	2.76	2163475	2.23
3	Khaitan Chemicals and Fertilizers Ltd. Unclaimed Shares Demat Suspense A/C	1969700	2.03	1962150	2.02
4	Koushik Sekhar	1086647	1.12	1086647	1.12
5	Dynamic Commodities Pvt. Ltd.	365360	0.38	NIL	0.00
6	Brinda Upadhyaya	300000	0.31	300000	0.31
7	Vardhaman Textile Co. Pvt. Ltd.	285470	0.29	365360	0.38
8	Geeta Prakash	234048	0.24	238547	0.25
9	Alok Lodha	230896	0.24	263283	0.27
10	IFCI Financial Services Limited	225284	0.23	NIL	0.00
11	Arcadia Share & Stock Brokers Pvt Ltd	NIL	0.00	178025	0.18
12	Jyotsna Aliasneena Prakash	NIL	0.00	195899	0.20
13	Rupesh Shantilal Jobanputra	NIL	0.00	195000	0.20

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Shri Sailesh Kumar Khaitan	2771910	2.86	2771910	2.86
2	Shri Shailesh Khaitan	800000	0.82	800000	0.82
3	Shri Harsh Vardhan Agnihotri	161670	0.17	161670	0.17
4	Shri Utsav Khaitan	13439	0.01	13439	0.01
5	Shri S.K. Khaitan	7920	0.01	7920	0.01
6	Shri Kamlesh Joshi	400	0.00	400	0.00
7	Shri Jagdish Lal Jajoo	240	0.00	240	0.00
8	Shri Vijay Gupta	80	0.00	80	0.00

## IV. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2141489139	175250000	-	2316739139
ii) Interest due but not paid	3617280	-	-	3617280
iii) Interest accrued but not due	1993688	-	-	1993688
<b>Total (i+ii+iii)</b>	<b>2147100107</b>	<b>175250000</b>	<b>-</b>	<b>2322350107</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	7146216	78515700	-	85661917
* Reduction	-	-	-	-
<b>Net Change</b>	<b>7146216</b>	<b>78515700</b>	<b>-</b>	<b>85661917</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2144090220	253765700	-	2397855920
ii) Interest due but not paid	8830891	-	-	8830891
iii) Interest accrued but not due	1325213	-	-	1325213
<b>Total (i+ii+iii)</b>	<b>2154246323</b>	<b>253765700</b>	<b>-</b>	<b>2408012024</b>

## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/TWD /Manager			Total Amount
		Shri Shailesh Khaitan	Shri Utsav Khaitan	Shri Jagdish Lal Jajoo	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3000000/-	2400000/-	1200000/-	6600000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2711848/-	-	-	2711848/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>5711848/-</b>	<b>2400000/-</b>	<b>1200000/-</b>	<b>9311848/-</b>
	Ceiling as per the Act	As per the Companies Act, 2013 read with Schedule V and rules made thereunder			



# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## B. Remuneration to other directors :

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Shri Balmukund Dakhera	Shri Vijay Gupta	Ms. Veena Chadha	
1	<b>Independent Directors</b>				
	Fee for attending board committee meetings	112500/-	157500/-	127500/-	397500/-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>112500/-</b>	<b>157500/-</b>	<b>127500/-</b>	<b>397500/-</b>
2	<b>Other Non-Executive Directors</b>	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration Total (B)=(1+2)</b>	<b>112500/-</b>	<b>157500/-</b>	<b>127500/-</b>	<b>397500/-</b>
	Overall Ceiling as per the Act				

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD :

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri Harsh Vardhan Agnihotri (President & CFO)	Shri Kamlesh Joshi (Company Secretary & General Manager)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1560000/-	730500/-	2290500/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	102000/-	224651/-	326651/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>1662000/-</b>	<b>955151/-</b>	<b>2617151/-</b>

## VI. 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)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Form No. AOC-2

Annexure - 'G'

(As per "the Act" and rule made thereunder)

(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 "the Act" including certain arms length transactions under third proviso thereto**

**1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:**

- (a) Name(s) of the related party and nature of relationship - NA
- (b) Nature of contracts/arrangements/transactions - NA
- (c) Duration of the contracts / arrangements/transactions- NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: - NA
- (e) Date(s) of approval by the Board, if any: - NA
- (f) Amount paid as advances, if any: - NA

**2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:**

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/arrangements/transactions:

S.No.	Name of Related Parties	Nature of Relationship	Nature of Transaction
1	Shradha Projects Limited	A public Company in which Shri Shailesh Khaitan is a Director.	Immovable property has been taken on rent by the Company 01.04.2015 to 31.03.2020 and Unsecured Loan has been also taken by the Company.
2	Tri-bhuvan Properties Limited	A public Company in which Shri Shailesh Khaitan is a Director.	Immovable property has been taken on rent by the Company 01.04.2015 to 31.03.2020 and Unsecured Loan has been also taken by the Company.
3	B.O. Construction Private Limited	A Private Company in which Shri Shailesh Khaitan is a Director.	Immovable property has been taken on rent by the Company 01.04.2015 to 31.03.2018
4.	Arati Marketing Private Limited	A Private Company in which Shri Shailesh Khaitan is Shareholder	Unsecured Loan has been taken by the Company.

Note: The detailed information forms part of Notes to Financial Statements in Note No. 25 (AS-18).

- (c) Salient terms of the contracts or arrangements or transactions including the value, if any : Terms of the contract confirm to the prevailing market rates and all the care has been taken to ensure reasonability of prices as compared to the prevailing rates in the market better quality products and timely supplies.
- (d) Justification for entering into such contracts or arrangements or transactions : It is ensured that the contract with the Contracting party is advantageous to the Company and its shareholders. The Company intends to ensure following aspects by dealing with contracting parties.
- (e) date(s) of approval by the Board: all the quarterly meetings held during the Financial Year 2016-17.
- (f) Amount paid as advances, if any: NIL
- (g) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A.

**3. THE DETAILS OF ALL RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18 HAVE BEEN DISCLOSED IN NOTES TO ACCOUNTS OF FINANCIAL STATEMENT.**

for Khaitan Chemicals and Fertilizers Limited

Shailesh Khaitan  
(Chairman & Managing Director)  
DIN : 00041247

Place: Gurugram  
Date: May 29, 2017

## Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Annexure - 'H'

**i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Name of Director	Designation	Ratio to Median Remuneration of the Employees
Shri Shailesh Khaitan	Chairman & Managing Director	37.46%
Shri Utsav Khaitan	Whole Time Director	15.74%
Shri Jagdish Lal Jajoo	Whole Time Director	7.84%

**ii. The % increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

Name of Managerial Personnel	Designation	% increase in remuneration
Shri Shailesh Khaitan	Chairman & Managing Director	0.10%
Shri Utsav Khaitan	Whole Time Director	47.15%
Shri Jagdish Lal Jajoo	Whole Time Director	-
Shri H.V. Agnihotri	President & Chief Financial Officer	43.77%
Shri Kamlesh Joshi	Company Secretary & General Manager	28.15%

iii. The % increase in the median remuneration of employees in the financial year : 13.65

iv. The number of permanent employees on the rolls of the Company : 511

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

S. No.	Other Employee	Managerial Personnel
1	13.88%*	(20.15%)**

\* These increases are a function of the Company's market competitiveness within its comparator group as ascertained through the detailed salary benchmarking survey the Company undertakes annually. The increase during the year reflects the Company's reward philosophy as well as the results of the benchmarking exercise.

\*\* The decrease in the managerial percentile is due to retirement of Shri R.S. Vijayvargiya President & CFO w.e.f. 05.08.2015 which includes all the retirement benefits due to him.

iv. It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.



## INDEPENDENT AUDITOR'S REPORT

### To the Members of Khaitan Chemicals and Fertilizers Limited Report on the Financial Statements

We have audited the accompanying financial statements of **Khaitan Chemicals and Fertilizers Limited ("the Company")**, which comprise the balance sheet as at March 31, 2017, the statement of profit and loss, the cash flow statement for the year then ended and a summary of the 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 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 these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 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, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued 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 paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) 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 account;
  - d) 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;
  - e) on the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B", and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 32 to the financial statements;
    - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts- Refer note to the financial statements;
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, during the year ended March 31, 2017;
    - iv. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company- Refer note 33 to the financial statements.

for **S S KOTHARI MEHTA & CO.**  
Chartered Accountants  
Firm's Registration Number: 000756N

Place: Gurugram  
Date: May 29, 2017

**Harish Gupta**  
Partner  
Membership Number: 098336

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## "ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure as referred to in Independent Auditor's report to the members of the Company on the financial statements for the year ended March 31, 2017, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
 (b) The fixed assets have been physically verified by the management according to the programme of periodical verification in phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies, if any, noticed on such physical verification have been properly dealt with in the books of accounts.  
 (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in the note 10 on fixed assets to the financial statements, are held in the name of the company except in the following cases where title deeds/lease agreement are not held in the name of the Company; (Refer Note 10 (b) & (c))

Nature of immovable properties	No. of properties	Gross Carrying Value (Rs. in lacs)	Net Carrying Value (Rs. in lacs)
Freehold Land	2	57.47	57.47
Leasehold Land	1	24.86	16.49
<b>Total</b>	<b>3</b>	<b>82.33</b>	<b>73.96</b>

- ii. The inventory of the Company has been physically verified by the management during the year (except for stock of Rock Phosphate, Sulphur and Single Super phosphate for which stock is taken on estimation basis and for the stock in transit and stock lying with outside parties). In our opinion, the frequency of verification is reasonable, the discrepancies noticed on physical verification of the inventory as compared to book records were not material.  
 iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered

- in the register maintained under section 189 of the Act. Thus, the paragraph 3(iii)(a) to (c) of the Order is not applicable to the Company.  
 iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under sections 185 and 186 of the Act. Thus, the paragraph 3(iv) of the Order is not applicable to the Company.  
 v. The Company has not accepted any deposits from the public.  
 vi. We have broadly reviewed the books of accounts maintained in pursuance to sub section (1) of Section 148 of the Act in respect of single super phosphate fertilizers, sulphuric acid and refined vegetable oil manufactured by the Company and are of the opinion that, prima facie, the prescribed records and accounts have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.  
 vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income-Tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.  
 According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duties of customs, service tax, cess and other material statutory dues were in arrear as March 31, 2017 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 dues of customs and service tax which have not been deposited with appropriate authorities on account of any dispute. However, according to the information and explanations given to us the following dues of income tax, sales tax, excise duty, value added taxes, purchase tax, entry tax and Royalty/cess, have not been deposited by the Company on account of disputes:-

Sr. No.	Name of the Statute	Nature of dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
1	Mines and Minerals (Development and Regulation) Act, 1957	Royalty on rock phosphate	118.77 *	2004-05	High Court, Rajasthan
2	Commercial Tax Act, 1994	Purchase Tax	42.85*	2004-05	High Court of Madhya Pradesh, Jabalpur
3	UP Trade Tax, 1948	Trade Tax	1.00*	2006-07	The Deputy Commission Commercial Tax-Jhansi
4	M.P. Entry Tax Act, 1976	Entry Tax	22.14*	2007-08	MP Commercial Tax Appellate Board, Bhopal
5	Central Excise Act, 1994	Excise Duty & Penalty	16.85	2007-09	Commissioner (Appeal)-I, Delhi
6	Custom Act, 1962	Custom Duty	171.56*	2004-05 to 2008-09	Commissioner (Appeal), Mumbai
7	Income Tax Act, 1962	Income Tax	3.53	2013-14	CIT (Appeal)- New Delhi
8*	Income Tax Act, 1962	Income Tax	7.06	2014-15	CIT (Appeal)- New Delhi
9	UP Sales Tax	Sales Tax	2.66	2011-12	Dy. Commissioner, Jhansi
10	U.P Sales Tax	Sales Tax	2.57	2012-13	Dy. Commissioner, Jhansi
11	U.P Central Sales Tax, 1956	Sales Tax	0.69	2013-14	Dy. Commissioner, Jhansi
12	U.P. Entry Tax, 2007	Entry Tax	0.11	2013-14	Dy. Commissioner, Jhansi
13	Minimum Wages Act, 1948	Labour Case	0.30*	2013-14	High Court, Allahabad

\* Net of amounts paid under protest

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions, The Company has not taken any loan from the government and has not issued any debentures.  
 ix. According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans have been applied for the purpose for which they were raised.  
 x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.  
 xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of 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 to the Company.  
 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 applicable accounting standards.  
 xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.  
 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 to the Company.  
 xvi. The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

for **S S KOTHARI MEHTA & CO.**  
 Chartered Accountants  
 Firm's Registration Number: 000756N

Place: Gurugram  
 Date: May 29, 2017

**Harish Gupta**  
 Partner  
 Membership Number: 098336

**“ANNEXURE B” TO THE INDEPENDENT AUDITOR'S 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 **Khaitan Chemicals and Fertilizers Limited** (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**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 (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) 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 authorisations of management and directors of the company; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 March 31, 2017, 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 **S S KOTHARI MEHTA & CO.**  
Chartered Accountants  
Firm’s Registration Number: 000756N

Place: Gurugram  
Date: May 29, 2017

**Harish Gupta**  
Partner  
Membership Number: 098336

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Balance Sheet as at March 31, 2017

		Rs. In Lacs	
	Note	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	969.89	969.89
Reserves and surplus	4	11,930.15	11,750.98
		12,900.04	12,720.87
<b>Non-current liabilities</b>			
Long-term borrowings	5	4,986.25	5,152.38
Deferred tax liabilities (Net)	6	400.47	389.44
Other long term liabilities	7	46.22	42.82
Long-term provisions	8	45.42	34.13
		5,478.36	5,618.77
<b>Current liabilities</b>			
Short-term Borrowings	9	18,321.72	17,031.14
Trade payables	10		
- Due to Micro and Small Enterprises		63.56	-
- Due to Others		3,853.99	2,385.85
Other current liabilities	11	3,056.67	2,082.04
Short-term provisions	12	88.69	142.07
		25,384.63	21,641.10
<b>TOTAL</b>		43,763.03	39,980.74
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	13		
Property, plant & equipments		11,696.94	11,707.23
Intangible assets		42.63	46.41
Capital work-in-progress		248.62	95.11
Non-current investments	14	9.49	9.49
Long-term loans and advances	15	460.97	398.68
Other Non-current Assets	19	-	-
		12,458.65	12,256.92
<b>Current assets</b>			
Inventories	16	10,194.85	6,521.40
Trade receivables	17	9,203.61	9,328.04
Cash and Bank balances	18	803.12	862.76
Short-term loans and advances	15	974.77	799.49
Other current assets	19	10,128.03	10,212.13
		31,304.38	27,723.82
<b>TOTAL</b>		43,763.03	39,980.74
Summary of significant accounting policies &	2		
The accompanying notes are an integral part of these financial statements			

As per our report of even date attached

For and on behalf of Board of Directors

for **S S Kothari Mehta & Co.**  
Chartered Accountants  
Firm's Registration Number: 000756N

**Harish Gupta**  
Partner  
Membership Number: 098336

**SHAILESH KHAITAN**  
(Chairman & Managing Director)  
(DIN : 00041247)

**UTSAV KHAITAN**  
(Whole Time Director)  
(DIN : 03021454)

**HARSH VARDHAN AGNIHOTRI**  
(President & Chief Financial Officer)  
PAN No. : ACXPA9315K

**VIJAY GUPTA** (DIN: 03511193)  
**BALMUKUND DAKHERA** (DIN: 05105269)  
**VEENA CHADHA** (DIN: 06886533)  
(Independent Directors)

**JAGDISH LAL JAJOO**  
(Whole Time Director)  
(DIN : 02758763)

**KAMLESH JOSHI**  
(Company Secretary & General Manager)  
Membership No. : FCS 5096

Place : Gurugram  
Date : May 29, 2017

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Statement of Profit and Loss for the year ended March 31, 2017

Rs. In Lacs

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Income</b>			
Revenue from operations (Gross)	20	36,434.54	39,777.24
Less: Excise Duty		562.79	542.39
Revenue from operations (Net)		35,871.75	39,234.85
Other income	21	330.83	169.71
<b>Total Revenue</b>		<b>36,202.58</b>	<b>39,404.56</b>
<b>Expenses:</b>			
Cost of Materials Consumed	22	21,008.25	19,962.50
Purchases of Stock in Trade		1,635.91	643.56
Changes in Inventories of finished goods, work in progress & Stock - in - trade	23	(2,424.38)	4787.10
Employee benefits expense	24	1,677.43	1,442.03
Finance costs	25	3,114.59	2,966.23
Depreciation and amortization expense	13	820.27	863.61
Other expenses	26	10,157.10	8,404.26
<b>Total expenses</b>		<b>35,989.17</b>	<b>39,069.29</b>
<b>Profit before tax</b>		<b>213.41</b>	<b>335.27</b>
<b>Tax expense:</b>			
Current Tax		97.66	75.94
MAT Credit Entitlement		(76.36)	-
Earlier years' tax		1.91	-
Deferred tax		11.03	93.66
<b>Total tax expense</b>		<b>34.24</b>	<b>169.60</b>
<b>Profit for the year</b>		<b>179.17</b>	<b>165.67</b>
<b>Earnings per share</b>			
<b>Face value per equity share (in Rs.)</b>			
Basic/Diluted EPS		<b>0.18</b>	<b>0.17</b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date attached

### For and on behalf of Board of Directors

for **S S Kothari Mehta & Co.**  
Chartered Accountants  
Firm's Registration Number: 000756N

**Harish Gupta**  
Partner  
Membership Number: 098336

**SHAILESH KHAITAN**  
(Chairman & Managing Director)  
(DIN : 00041247)

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(President & Chief Financial Officer)  
PAN No. : ACXPA9315K

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**VEENA CHADHA** (DIN: 06886533)  
(Independent Directors)

**JAGDISH LAL JAJOO**  
(Whole Time Director)  
(DIN : 02758763)

**KAMLESH JOSHI**  
(Company Secretary & General Manager)  
Membership No. : FCS 5096

Place : Gurugram  
Date : May 29, 2017

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Cash Flow Statement for the year ended March 31, 2017

Rs. In Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A Cash flow from Operating Activities :</b>		
<b>Profit before tax</b>	213.41	335.27
<b>Adjustments for:</b>		
Depreciation and amortisation	820.27	863.61
(profit)/ Loss on sale of fixed assets	13.95	(0.42)
Foreign exchange Fluctuation loss	64.72	14.42
Provision for non-cash expenses	24.23	33.80
Provision written back	(204.65)	(98.40)
Interest expense	3,114.59	2,966.23
Interest income	(106.26)	(68.65)
<b>Adjustments for:</b>		
(Increase)/ decrease in inventories	(3,673.45)	6,825.93
(Increase)/ decrease in trade receivables	124.43	(3,796.93)
(Increase)/ decrease in short-term loans and advances	(230.80)	75.14
Decrease / ( Increase ) in other current assets / cash and bank	87.53	(3,851.12)
Decrease/ (increase) in long-term loans and advances	(62.29)	(155.72)
Increase / (Decrease ) in trade & Other payables	2,998.44	(622.00)
<b>Cash (used in)/from operations</b>	3,184.12	2,521.18
Direct taxes paid	32.32	43.29
<b>Net cash flow (used in)/from operating activities</b>	3,216.43	2,564.46
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets ( including CWIP)	(985.13)	(322.74)
Proceeds from sale of fixed assets	11.47	22.70
Interest received	101.89	82.46
<b>Net cash flow from/ (used in) investing activities</b>	(871.77)	(217.58)
<b>C Cash flow from financing activities</b>		
Proceeds from long term borrowings (net)	(479.38)	2,981.66
Proceeds from short term borrowings (net)	1,290.58	(2,485.50)
Effect of Foreign Exchange Gain / ( Loss)	(64.72)	(14.42)
Interest paid	(3,069.13)	(2,959.17)
Dividend Paid ( net of dividend distribution tax)	(58.36)	63.27
<b>Net cash Flow from/ (used in) financing activities</b>	(2,381.01)	(2,414.16)
<b>Net increase /(decrease) in cash and cash equivalent (A+B+C)</b>	(36.34)	(67.28)
Cash and cash equivalent at the beginning of the year	101.49	168.77
Cash and cash equivalent at the end of the year*	5.15	101.49
<b>Net increase/ (decrease) in cash and cash equivalents during the year</b>	(36.34)	(67.28)
<b>Components of cash and cash equivalent</b>		
Cash on hand	2.94	4.04
With Bank - on current account	34.03	65.14
unpaid dividend accounts *	28.18	32.31
<b>Total cash and cash equivalent</b>	65.15	101.49

\* The company can utilize these balances only toward settlement of the respective unpaid dividend liability.

As per our report of even date attached

For and on behalf of Board of Directors

for **S S Kothari Mehta & Co.**  
Chartered Accountants  
Firm's Registration Number: 000756N

**Harish Gupta**  
Partner  
Membership Number: 098336

**SHAILESH KHAITAN**  
(Chairman & Managing Director)  
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(Independent Directors)

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(Whole Time Director)  
(DIN : 02758763)

**KAMLESH JOSHI**  
(Company Secretary & General Manager)  
Membership No. : FCS 5096

Place : Gurugram  
Date : May 29, 2017





## Summary of significant accounting policies and Notes on accounts for the year ended March 31, 2017

### 1. Corporate Information

Khaitan Chemicals and Fertilizers Limited (the Company) is engaged in the manufacturing of Single Super Phosphate Fertilisers (Plain, Zincated and Boronated in powder form and granulated form), Sulphuric Acid and its variants, Trading of NPK Fertilisers, Processing of Oil Seed (mainly Soybean) and crude edible oil, selling of De-oiled Cake and Crude/Refined Oil & Generation and selling of Wind Power.

The Company is a public limited company incorporated and domiciled in India under the provisions of Companies Act, 2013. Its shares are listed on the Bombay Stock Exchange Limited, Mumbai (BSE).

### 2. Significant Accounting Policies

#### a) Basis of preparation of financial statements

The financial statements of the Company are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) to comply in all material aspects prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

The financial statements are prepared on historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use

#### b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles ('GAAP') requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reportable amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

#### c) Revenue Recognition

- i. **Sale** - The Company recognises sale of goods on transfer of significant risks and reward of ownership to the customers. Sales (Gross) are inclusive of excise duty, fertilizer subsidy, and net off trade discounts and sales return, wherever applicable.
- ii. **Interest** - Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.
- iii. **Subsidy** - Fertilizer Subsidy, wherever applicable, is accounted for on actual sales and is net off of any subsequent non receipt reversal.
- iv. **Dividend** - Dividends are accounted for when the right to receive the dividend payment is established.

#### d) Government Grants and Subsidies

Grants and Capital subsidy from the government is recognized on receipt basis with the reasonable assumption that the Company will comply with conditions attached to them and such amount is credited to capital reserves. Further, in accordance with the guidelines issued by ICAI, proportionate amount to the extent of depreciation charged, is being transferred to surplus in the statement of profit and loss in case of grant received in relation to acquisition of any assets.

#### e) Excise Duty

Excise duty payable on products is accounted for at the time of dispatch of goods from the factories but is accrued for stocks held at the year end.

#### f) Employee Benefits

- i. Short term employee benefits obligations are estimated and provided for.
- ii. Post employment benefits and other long term benefits:
  - (a) Defined contribution plans:

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to revenue.
  - (b) Defined benefits plans:

Company's Liability towards gratuity and leave encashment is actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized in revenue. Gratuity and Leave encashment liabilities are funded and administered through Group Gratuity Scheme with Life Insurance Corporation of India.

#### g) Operating Lease

Lease rental in respect of assets taken on operating lease are charged to the statement of profit and loss with reference to lease term and other considerations.

#### h) Borrowing Cost

Borrowing costs that are attributable to the acquisition or constructions of qualifying assets are capitalised as part of the cost of assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### i) Tangible Fixed Assets and Capital Work in Progress

Tangible Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts, rebates & centvat availed, are deducted in arriving at the purchase price. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets is derecognized. Machinery Spares /Standby equipments which are used only in connection with the fixed assets and whose use is expected to be irregular are capitalized.

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

#### j) Intangible assets

Intangible Assets acquired separately are measured and initially recognized at cost.

Gains or losses arising from de-recognition of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets is derecognized.

#### k) Depreciation and Amortisation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed in Schedule II of the Companies Act, 2013. Depreciation for assets purchased/sold during a period are proportionately charged.

Intangible Assets are amortized on straight-line basis over the estimated useful economic life not exceeding 10 years. The Intangible Assets are assessed for impairment whenever there is an indication that the Intangible Assets impaired.

The leasehold land is amortised over the primary lease period excluding on perpetual lease.

Assets individually costing Rs 5000 or less are depreciated fully in the year of purchase.



**l) Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount and such assets are written down to their recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses, recognized for the assets, no longer exists or have decreased to the extent of previously recognized impairment losses.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

**m) Inventories**

Inventories are valued at the lower of cost and estimated realisable value. However material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated / used are expected to be sold at or above cost. The cost of inventories is generally arrived at on the following basis:

Raw Material	Quarterly weighted average method for Fertilizer Division and FIFO method for Agro Division.
Packing material and Stores & Spares	Monthly weighted average method.
Finished goods and work-in-progress	Raw material cost and proportion of manufacturing overheads. Excise duty, if any, is included in the value of Finished goods Inventory.

**n) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments and are stated at the lower of cost and fair value on individual investment basis. All other investments are classified as non-current/long term investments and stated at cost less provision for diminution in value, other than temporary.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to statement of profit and loss.

**o) Foreign Currency Transactions**

- 1.) Foreign Currency Transactions are recorded by applying the exchange rate prevailing on the date of transaction.
- 2.) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. In respect of items covered by forward contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as an expense or income over the life of contract. Any profit or loss arising on settlement / cancellation of such a forward exchange contract is recognized as an income or expense for the period.
- 3.) Non-Monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using exchange rate at the date of transaction.
- 4.) Gain or loss arising out of translation/conversion and on settlement is taken credit for or charged to the statement of profit and loss.

**p) Taxation**

**Income Tax**

The current tax is determined as the amount of tax payable in respect of the estimated taxable income for the year in accordance with the provisions of Income Tax Act, 1961.

**Deferred Tax**

Deferred tax charge or credit is recognized using prevailing enacted or substantially enacted tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realisation in future.

Deferred tax assets/liabilities are reviewed at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation/liabilities.

**q) Pre project expenditure**

The expenses on pre feasibility study reports, market survey reports, techno-economic feasibility reports etc. on new projects are allocated to the Fixed Assets on completion of the projects. Where the projects are proved in-fructuous, they are charged to the revenue in the year in which the decision is taken to scrap the same.

**r) Earning per share**

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20—"Earning per share". Basic earning per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The Company does not have any diluted equity share, hence Basic and Dilutive earning per share is same.

**s) Provisions and Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past results and it is probable that there will be an outflow of resources.

Contingent liabilities are disclosed, unless the possibility of an outflow of resource embodying the economic benefit is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

**t) Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statements comprises cash at bank and in hand and short term investments with an original maturity of 3 months or less.

**u) Cash Flow Statements**

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

**v) Derivatives Instruments**

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effects of loss on the underlying hedged item, is ignored.

**w) Segment Reporting**

The Company is organized into three primary business segments mainly Fertilizer and Chemicals, Agri (Soya) and Others, based on nature of products.

The management and administration are centralized and considered as part of 'Fertilizer & Chemicals' segment, being major activities.

Unallocated items include general corporate income, expense, assets and liabilities items which are not allocated to any business segment.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as whole.

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

Rs. in Lacs

	As at March 31, 2017	As at March 31, 2016
<b>3. Share capital</b>		
<b>Equity Share Capital</b>		
<b>Authorised</b>		
22,00,00,000 shares of par value of Re. 1/- each (Previous year 22,00,00,000 shares of par value of Re.1/- each)	<u>2,200.00</u>	<u>2,200.00</u>
<b>Issued</b>		
9,71,24,420 shares of par value of Re.1/- each (Previous year 9,71,24,420 shares of par value of Re.1/- each)	<u>971.24</u>	<u>971.24</u>
<b>Subscribed And Fully Paid-Up</b>		
9,69,89,200 shares of par value of Re.1/- each (Previous year 9,69,89,200 shares of par value of Re.1/- each)	<u>969.89</u>	<u>969.89</u>

### Equity Shares

- a) The Company has only one class of equity shares having a par value of Re.1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuing annual general meeting. In the event of liquidation, the equity shareholder are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding
- b) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the balance sheet date.
- c) **Reconciliation of the shares outstanding at the beginning and at the end of reporting period.**

	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
At the beginning of the year	96,989,200	969.89	96,989,200	969.89
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>96,989,200</u>	<u>969.89</u>	<u>96,989,200</u>	<u>969.89</u>

### d) Details of the Shareholders holding more than 5% shares of the Company:

	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% of shars	No. of shares	% of shars
Shradha Projects Limited	4,57,63,640	47.18	4,57,63,640	47.18
The Majestic Packaging Co. Pvt. Ltd.	2,20,49,310	22.73	2,20,49,310	22.73

## 4. Reserves and Surplus

	As at March 31, 2017	As at March 31, 2016
<b>Capital Reserve</b>		
Opening Balance	1,550.01	1,552.05
Less: Transfer statement of Profit & Loss	<u>2.04</u>	<u>2.04</u>
<b>Closing balance</b>	<u>1,547.97</u>	<u>1,550.01</u>
<b>Securities Premium</b>		
Opening Balance	2,152.58	2,152.58
Add/ (less) during the year	-	-
<b>Closing balance</b>	<u>2,152.58</u>	<u>2,152.58</u>
<b>General Reserve</b>		
Opening Balance	2,791.24	2,791.24
Add/ (less) during the year	-	-
Closing balance	<u>2,791.24</u>	<u>2,791.24</u>
<b>Surplus in the statement of Profit and Loss</b>		
Opening Balance	5,257.15	5,147.80
Add: transfer from statement of profit and loss	179.17	165.67
Add: Transfer from Capital Reserve	2.04	2.04
Less: proposed dividend	-	48.49
Less: Tax on proposed dividend	-	9.87
<b>Closing balance</b>	<u>5,438.36</u>	<u>5,257.15</u>
<b>Total Reserve and Surplus</b>	<u>11,930.15</u>	<u>11,750.98</u>

**Note:** The Company has proposed final dividend for the year 2016-17 @ Re.0.05 per equity share of Re. 1/- each (previous year Re. 0.05 per equity share).

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

Rs. in Lacs

### 5. Long Term Borrowings

	Non-Current		Current Maturities	
	As at			
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Term Loans :</b>				
- <b>From Banks (Secured) :</b>				
Indian Rupee Loan from Banks	1,248.60	787.92	388.24	677.18
Foreign Currency Loan from Banks	2,116.65	2,743.46	282.38	175.19
- <b>From Other Parties (Un-Secured)</b>	-	-	-	-
<b>Loans from related parties</b>	<u>1,621.00</u>	<u>1,621.00</u>	-	<u>131.50</u>
	<u><b>4,986.25</b></u>	<u><b>5,152.38</b></u>	<u><b>670.62</b></u>	<u><b>938.87</b></u>
<b>The above amount includes :</b>				
Secured Borrowings	3,365.25	3,531.38	670.62	852.37
Unsecured Borrowings	1,621.00	1,621.00	-	131.50
Amount disclosed under the head "Other Current Liabilities" Refer Note No.11	-	-	<u>(670.62)</u>	<u>(983.87)</u>
<b>Net Amount</b>	<u><b>4,986.25</b></u>	<u><b>5,152.38</b></u>	<u>-</u>	<u>-</u>

(i) Rupee Term Loan of Rs.600.00 Lacs (Sanctioned Rs.1000.00 Lacs in FY 2016-17) from State Bank of India, is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari-passu basis with existing charge holders and repayable in 24 installments comprising of 23 installments of Rs 43.00 Lacs each and balance in last installments ending on 30th September, 2023.

(ii) Rupee Term Loan of Rs.117.62 Lacs and Foreign Currency Term Loan of Rs 2399.02 (Sanctioned Rs.3,000.00 Lacs) from State Bank of India is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari-passu basis with existing charge holders and repayable in 22 quarterly installments comprising of 2 Installment of Rs.50.00 Lacs each, 4 Installments of Rs. 75.00 Lacs each, 4 Installments of Rs 100.00 Lacs each, 4 Installments of Rs 150.00 Lacs each, 4 Installments of Rs 175.00 Lacs each, 2 Installments of Rs. 200.00 Lacs each, 1 Installment of Rs. 250.00 Lacs and balance in last installment ending on 31.03.2021.

(iii) Rupee Term Loan of Rs.714.28 Lacs (Sanctioned Rs.1,000.00 Lacs) by IDBI Bank Ltd., is primarily to be secured by way of first charge on entire immovable assets and moveable fixed assets of the Company both present and future on pari-passu with existing charge holder and repayable in 28 equal quarterly installment of Rs.35.71 Lacs each ending on 1st January, 2022.

All the above loans are collaterally secured through second charge by way of hypothecation on the entire current assets of the company on pari-passu basis with existing charge holder. These loans are irrevocably and unconditionally guaranteed by Chairman & Managing Director, Shri Shailesh Khaitan. Loan of Rs.1,000.00 Lacs sanctioned in FY 2014-15 by IDBI Bank is collaterally secured by mortgage of two properties of Shradha projects Ltd., situated at Indore and pledge of 12 lacs equity shares of the Company. Fresh Corporate loan of Rs 3,000.00 Lacs sanctioned by State Bank of India in FY 2015-16 is collaterally secured by pledge of 2,82,96,760 fully paid up equity shares of the Company.

(iv) Rupee Term Loan of Rs 170.20 Lacs (sanctioned Rs 185.98 Lacs in 2016-17) have been availed from Axis Bank with tenure of 60 months ending 15th Sept, 2021. The Loan is secured by the hypothecation of the car

(v) Rupee Term Loan of Rs 34.69 Lacs (sanctioned Rs 49.50 Lacs) have been availed from BMW Financial Services with tenure of 60 months ending 1st June, 2020. The Loan is secured by the hypothecation of the car.

(vi) Unsecured Loan & Advances of Rs 1621.00 Lacs has been procured from various parties including related party viz Shradha Projects Ltd & Arati Marketing Private Limited as promoter fund infusion towards SBI Loan. Rs 1621.00 Lakhs are repayable after the maturity of the Loan.

There is no continuing default as on the balance sheet date in repayment of above loans and interest.

### 6. Deferred Tax Liabilities (Net)

Rs. in Lacs

	As at	
	March 31, 2017	March 31, 2016
<b>Gross Deferred Tax Liabilities:</b>		
a) Depreciation /Amortization	2,321.60	2,399.45
b) Others	0.68	2.49
	<u>2,322.28</u>	<u>2,401.94</u>
<b>Gross Deferred tax assets:</b>		
a) Provisions for doubtful debts/Non-moving Items	49.84	41.83
b) Losses on Specified Business	1,812.66	1,921.95
c) Expense allowed on payment basis	59.31	48.72
	<u>1,921.81</u>	<u>2,012.50</u>
<b>Net Deferred Tax Liabilities</b>	<u><b>400.47</b></u>	<u><b>389.44</b></u>

#### NOTE :

i The net (increase) / decrease during the year in the deferred tax liability (DTL) of Rs. (11.03) lacs, previous year decrease Rs. (93.66) lacs has been (debited) /credited to Statement of Profit & Loss.

ii Considering the past performance and business plans of future years, Company expects that the sufficient taxable income will be available against which deferred tax assets can be realised.

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2017

### 7. Other long term liabilities

	Rs. in Lacs	
	As at March 31, 2017	As at March 31, 2016
Security Deposits	46.22	42.82
	<u>46.22</u>	<u>42.82</u>

### 8. Long-term-provisions

	Rs. in Lacs	
	As at March 31, 2017	As at March 31, 2016
Provisions for employee benefits (Refer Note No. 27)	45.42	34.13
	<u>45.42</u>	<u>34.13</u>

### 9. Short-term Borrowings

	Rs. in Lacs	
	As at March 31, 2017	As at March 31, 2016
<b>Secured From Banks*</b>		
- Cash Credits/ Working Capital Demand Loans	13,449.59	12,347.13
- Buyer's Credit	3,955.47	4,309.25
<b>Unsecured loan from</b>		
- IDBI Vendor Finance #	495.16	374.76
- Others	290.00	-
- Related Parties	<u>131.50</u>	<u>-</u>
	<u>18,321.72</u>	<u>17,031.14</u>

\* Cash Credit/Working Capital demand loans & Buyer's Credit from Banks are secured by first hypothecation charge on the Company's entire stocks comprising raw materials, stocks in transit, stocks in process, finished goods, consumable stores & spares and receivable on pari-passu basis among consortium bankers. Borrowings are further secured by pledge of 8 lacs equity shares of the Company with face value of Re. 1/- per share held by Chairman & Managing Director, Shri Shailesh Khaitan. All short term bank borrowings are personally guaranteed by Chairman & Managing Director, Shri Shailesh Khaitan.

# IDBI Vendor Finance loan in the nature of Discounting of Bill of Exchange drawn/accepted by the Corporate of Rs. 495.16 Lacs (sanctioned Rs.500.00 Lacs).

### 10. Trade Payables

	Rs. in Lacs	
	As at March 31, 2017	As at March 31, 2016
Dues to Micro, Small and Medium Enterprises (refer note no. : 10.1)	63.56	-
Dues to others (including acceptance)	3,853.99	2,385.85

#### 10.1 Trade Payables -Dues to Micro, Small & Medium Enterprises (as per the intimation received from vendors)

	Rs. in Lacs	
	As at March 31, 2017	As at March 31, 2016
a Principal and interest amount remaining unpaid	63.56	-
b Interest due thereon remaining unpaid.	-	-
c Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day.	-	-
d Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act.	-	-
e Interest accrued and remaining unpaid	-	-
f Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
	<u>63.56</u>	<u>-</u>

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

### 11. Other Current Liabilities Rs. in Lacs

	As at March 31, 2017	As at March 31, 2016
Current maturities of long term debts (Refer Note No. 5)	670.62	983.87
Interest accrued but not due	59.61	36.17
Interest accrued & due on borrowings	41.95	19.94
Unpaid Dividends	28.18	32.31
<b>Other Payable:-</b>		
Advances from Customers	584.33	84.39
Payable for Capital Creditors	42.71	33.18
Payable to Employees	208.11	168.86
Payable to Directors	14.68	9.56
Forward Contract Payable	898.27	226.89
Payable to Service Provider	284.55	343.06
Statutory dues	223.66	143.81
	<b>3,056.67</b>	<b>2,082.04</b>

### 12. Short-Term Provisions Rs. in Lacs

	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits (refer note no.27)	88.69	83.70
Provision for proposed dividend on equity shares	-	48.49
Provision for tax on proposed dividend	-	9.87
	<b>88.69</b>	<b>142.07</b>

### 13. FIXED ASSETS Rs. in Lacs

Particulars	Gross Carrying Value				Depreciation / Amortisation				Net Carrying Value	
	As at 31.3.2016	Addi- tions	Adjustment/ Deductions	As at 31.3.2017	Upto 31.3.2016	Sale/Ad- justment	During the year	Upto 31.3.2017	As at 31.3.2017	As at 31.3.2016
<b>Property, plant &amp; equipments</b>										
Land Freehold (b)	559.57	-	-	559.57	-	-	-	-	559.57	559.57
Lease hold Land (c)	492.77	-	-	492.77	38.36	-	5.01	43.37	449.40	454.41
Building	5,964.70	180.06	-	6,144.76	1,514.53	-	131.19	1,645.72	4,499.04	4,450.17
Plant and Equipment	16,892.82	395.15	-	17,287.97	10,898.25	-	611.67	11,509.92	5,778.05	5,994.57
Furniture & Fixtures	130.99	1.69	-	132.68	77.99	-	8.60	86.59	46.09	53.00
Vehicles (a)	337.48	212.87	102.27	448.08	188.94	76.86	34.78	146.86	301.22	148.54
Office Equipments	108.77	19.67	-	128.44	82.24	-	4.58	86.82	41.62	26.53
Computers	99.62	12.28	-	111.90	79.18	-	10.77	89.95	21.95	20.44
<b>Total</b>	<b>24,586.72</b>	<b>821.72</b>	<b>102.27</b>	<b>25,306.17</b>	<b>12,879.49</b>	<b>76.86</b>	<b>806.60</b>	<b>13,609.23</b>	<b>11,696.94</b>	<b>11,707.23</b>
Previous year	24,425.97	264.85	104.10	24,586.72	12,113.12	81.82	848.19	12,879.49	11,707.23	
<b>Intangible Assets</b>										
Software	83.65	9.90	-	93.55	37.24	-	13.67	50.91	42.63	46.41
<b>Total</b>	<b>83.65</b>	<b>9.90</b>	<b>-</b>	<b>93.55</b>	<b>37.24</b>	<b>-</b>	<b>13.67</b>	<b>50.91</b>	<b>42.63</b>	<b>46.41</b>
Previous year	76.45	7.20	-	83.65	21.82	-	15.42	37.24	46.41	
<b>Capital Work in Progress</b>										
Capital Work in Progress	95.11	728.40	574.89	248.62	-	-	-	-	248.62	95.11
<b>Total</b>	<b>95.11</b>	<b>728.40</b>	<b>574.89</b>	<b>248.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248.62</b>	<b>95.11</b>
Previous year	44.41	215.20	164.50	95.11	-	-	-	-	95.11	

#### NOTES:

(a) Vehicles include motor cars taken on hire purchase of Rs 214.69 Lacs (previous year Rs 57.95 Lacs).

(b) Freehold Land measuring 1,76,460 Sq Meter amounting to Rs 57.47 Lacs is yet to be transferred in the name of the Company. These lands were acquired in pursuance of scheme of amalgamation/merger sanctioned Hon'ble High Courts.

(c) Lease agreement of Leasehold Land of Malwan unit measuring 151650.72 Sq Meter amounting to Rs 24.86 lacs (Net Block Rs 16.49 lacs) acquired by virtue of amalgamation sanctioned by BIFR order dated 12th April 2006, is yet to be transferred in the name of the Company.

Non Trade Investments, unquoted, valued at cost

## KHAITAN CHEMICALS AND FERTILIZERS LIMITED



### Notes to financial statements for the year ended March 31, 2017

**14. Non Current Investments** Rs. in Lacs

	As at March 31, 2017	As at March 31, 2016
<b>Non-Trade Investments, unquoted, valued at cost</b>		
<b>Investment in equity instrument</b>		
National Board of Trade Limited (16,100 Shares (Previous year 16,100) of fully paid equity share of Rs. 10/- each)	0.01	0.01
Shradha Project Limited 9,48,000 shares (Previous year 9,48,000 ) fully paid equity shares of Rs. 10/-each)	9.48	9.48
	9.49	9.49
Aggregate value of unquoted investment	9.49	9.49

**15. Loans and Advances** Rs. in Lacs

	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	Security Deposits	393.41	363.68	184.63
<b>Other Loan &amp; advances:-</b>				
Loan/Advances to Employees	6.35	7.76	16.15	15.22
Advance to Suppliers & Contractors	-	-	416.66	354.07
Vat receivables	-	-	107.66	-
Prepaid Expenses	-	-	90.21	124.74
Taxes/Duties deposited under protest	61.21	27.24	-	8.00
Balances with Statutory/Govt. Authorities	-	-	43.00	14.66
Advance Tax/Tax Deducted at source (Net of provision)	-	-	39.01	94.53
Other Advances recoverable in cash or in kind	-	-	80.65	78.23
	460.97	398.68	977.97	802.69
Less: Provision for bad & doubtful advances	-	-	3.20	3.20
	460.97	398.68	974.77	799.49

**16. Inventories** Rs. in Lacs

	As at March 31, 2017	As at March 31, 2016
<b>Inventories (valued at lower of, cost or net realisable value)</b>		
Raw Material	1,843.11	1,087.39
Work in Progress(Oil)	6.00	6.22
Finished Goods	5,151.53	3,634.81
Traded Goods	907.88	-
Stores and Spares	1,239.65	1,141.07
Less: Provision for Non Moving Stores	10.00	10.00
	9,138.17	5,859.49
Raw Material in Transit	1,056.68	661.91
	10,194.85	6,521.40

**17. Trade Receivables** Rs. in Lacs

	As at March 31, 2017	As at March 31, 2016
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, Considered good	816.82	432.61
Unsecured, Considered Doubtful	24.40	24.40
	841.22	457.01
Less: Provision for doubtful receivables	24.40	24.40
	816.82	432.61
<b>Other receivables (Unsecured considered good)</b>	8,386.79	8,895.43
	9,203.61	9,328.04

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

### 18. Cash and Bank Balances

Rs. in Lacs

	As at March 31, 2017	As at March 31, 2016
<b>I) Cash and Cash Equivalents</b>		
Balances with Banks :		
In Current Account	34.03	65.14
Cash on Hand	2.94	4.04
	<u>36.97</u>	<u>69.18</u>
<b>II) Other Bank Balances</b>		
(i) Margin Money Deposits	737.97	761.27
(ii) Unpaid Dividend Account	28.18	32.31
	<u>766.15</u>	<u>793.58</u>
	<u>803.12</u>	<u>862.76</u>

Margin Money Deposits with a carrying amount of Rs. 737.97 lacs (Previous year Rs.761.27 lacs) are subject to first charge to secure the Company's Buyers' credit & Bank Guarantees'.

### 19. Other Current Assets

Rs. in Lacs

	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Subsidy receivable (Refer Note No - 38)	142.87	142.87	10,051.20	10,012.05
Less: Subsidy payable to Bank of India on realisation	142.87	142.87	-	-
Less: Provision for Subsidy Deduction	-	-	113.16	88.92
	-	-	9938.04	9923.13
Interest Receivable	-	-	19.63	15.25
MAT credit entitlement	-	-	10.04	31.33
Other Receivable	-	-	160.32	242.42
	<u>-</u>	<u>-</u>	<u>10,128.03</u>	<u>10,212.13</u>

### 20 Revenue from Operations

Rs. in Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Sales of products</b>		
Finished goods	34,918.77	38,676.76
Traded goods	886.45	801.59
Other operating revenue	629.32	298.89
Revenue from operations	36,434.54	39,777.24
Less: Excise duty	562.79	542.39
<b>Revenue from operations (net)</b>	<u>35,871.75</u>	<u>39,234.85</u>
<b>Details of products sold</b>		
<b>Finished goods</b>		
SSP/GSSP Fertilizer (includes Subsidy Income of Rs.9413.32 lacs, previous year Rs.12881.38 lacs).	31,132.08	34,759.89
Sulphuric Acid	2,736.92	2,499.41
Oleum 23% and 65%	203.29	121.39
Liquid So3	30.18	26.68
Refined Oil	765.15	1,225.73
Soya Solvent oil	-	2.65
Sale of Power	51.15	41.01
	<u>34,918.77</u>	<u>38,676.76</u>
<b>Traded goods sold</b>		
Soya De-Oiled Cake / NPK Fertilizers (includes subsidy income of Rs 261.65 Lacs,previous year Rs Nil )	886.45	801.59
	<u>886.45</u>	<u>801.59</u>
<b>Other Operating Revenue</b>		
Revenue from NCDEX (Net)	556.34	249.58
Sale of By-product & Process waste	4.27	17.03
Scrap Sales	68.71	32.28
	<u>629.32</u>	<u>298.89</u>



# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

### 21. Other Income Rs. in Lacs

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Interest Income on</b>		
Bank Deposits	73.97	58.15
Interest on Income Tax Refund	20.88	-
Electricity Deposits	11.41	10.50
	<u>106.26</u>	<u>68.65</u>
<b>Other non-operating income</b>		
Miscellaneous Receipt	19.92	2.24
Profit on Sale of Fixed Assets	-	0.42
Balances written back	204.65	98.40
	<u>224.57</u>	<u>101.06</u>
<b>Total</b>	<u>330.83</u>	<u>169.71</u>

### 22. Cost of Raw Material Consumed

	For the year ended March 31, 2017	For the year ended March 31, 2016
<span style="float: right;">Rs. in Lacs</span>		
Opening Stock	1,087.39	2,838.85
Add: Purchases including related expenses upto the factory site (net of claim)	21,763.97	18,211.04
Less: Closing Stock	1,843.11	1,087.39
	<u>21,008.25</u>	<u>19,962.50</u>
<b>Details of Inventories - Raw Material</b>		
Rock Phosphate (Indigenous)	187.08	21.41
Rock Phosphate (Imported)	904.04	415.87
Sulphur ( Fert)	200.04	218.73
Sulphur ( Non Fert)	205.97	208.18
Sulphuric Acid/Spent Acid	109.86	79.56
Solvent Oil/Refined Oil	6.65	18.56
Others	229.47	125.08
	<u>1,843.11</u>	<u>1,087.39</u>
<b>Details of raw material consumed</b>		
Rock Phosphate (Indigenous)	880.52	3,632.90
Rock Phosphate (Imported)	13,445.58	10,136.45
Sulphur ( Fert)	1,484.22	1,157.07
Sulphur ( Non Fert)	1,406.59	1,536.89
Sulphuric Acid/Spent Acid	2,556.93	2,219.39
Refined Oil	666.35	1,047.35
Others	568.06	232.45
	<u>21,008.25</u>	<u>19,962.50</u>

### 23. Changes in Inventories

	For the year ended March 31, 2017	For the year ended March 31, 2016
<span style="float: right;">Rs. in Lacs</span>		
<b>Inventories at the beginning of the year</b>		
Finished goods	3,634.81	8,421.70
Work in progress	6.22	6.43
Traded goods	-	-
	<u>3,641.03</u>	<u>8,428.13</u>
<b>Inventories at the end of the year</b>		
Finished goods	6,059.41	3,634.81
Work in progress	6.00	6.22
	<u>6,065.41</u>	<u>3,641.03</u>
<b>Details of Inventories</b>		
<b>Finished Goods</b>		
SSP/GSSP Fertilizers	5,019.81	3,463.12
Sulphuric acid	131.53	171.50
Traded Goods (NPK)	907.88	-
Others	0.19	0.19
	<u>6,059.41</u>	<u>3,634.81</u>
<b>Work in progress</b>		
Soya refined oil	6.00	6.22
	<u>6.00</u>	<u>6.22</u>

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

### 24. Employee Benefit Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	1,488.91	1,288.48
Contribution to provident and other funds (Refer Note No.27)	90.37	73.58
Provision for Gratuity related expenses	59.82	49.02
Staff Welfare Expenses	38.33	30.95
	<u>1,677.43</u>	<u>1,442.03</u>

Rs. in Lacs

### 25. Finance Costs

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on loans	1,868.23	1,997.68
Other Borrowing Costs	1,246.36	968.55
	<u>3,114.59</u>	<u>2,966.23</u>

Rs. in Lacs

### 26. Other Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores & spare parts	841.62	810.52
Packing Material consumed	1,314.36	1,272.25
Power & Fuel	1,502.15	1,315.33
Repair & Maintenance:		
Plant & Machinery	91.47	101.69
Building	16.22	6.66
Others	101.06	61.94
Other Manufacturing Expenses	556.99	420.90
Freight Outward	4,318.52	3,437.10
Loading & Unloading	99.28	51.33
Other selling expenses	193.33	138.31
Communication Expenses	43.83	44.52
Rent	62.67	34.74
Insurance	30.98	30.21
Legal & Professional charges	32.34	46.64
Rates & Taxes	25.04	52.14
Travelling & Conveyance	359.99	255.05
Payment to Auditors (refer note: 26.1)	19.20	16.69
Excise Duty On Variation of Finished Goods	102.87	(6.38)
Loss on Sale of Fixed Assets	13.95	-
Foreign Exchange Fluctuation (including MTM loss)	64.72	14.42
Bank Charges	14.75	8.43
Miscellaneous Expenses	351.76	291.77
	<u>10,157.10</u>	<u>8,404.26</u>

Rs. in Lacs

### 26.1 Payment to Auditor (including service tax)

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>As auditor :</b>		
Statutory Audit Fees	7.48	6.87
Limited Review fees	2.19	1.57
Certification fees	6.61	6.36
Reimbursement of Expenses	2.92	1.89
	<u>19.20</u>	<u>16.69</u>

Rs. in Lacs

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

27. Disclosure as per Accounting Standard -15 on 'Employee Benefits'

(i) Defined Benefit Plan

Rs. in Lacs

S. No.	Particulars	Gratuity (Funded)		Leave Encasement (Funded)	
		2016-17	2015-16	2016-17	2015-16
I	<b>Change in the present value of obligation</b>				
	Present value of obligation at the beginning of period	269.51	219.64	70.17	56.73
	Interest Cost	20.21	17.57	5.26	4.54
	Current Service Cost	25.08	21.08	9.42	8.16
	Benefits paid (if any)	(23.96)	(11.62)	-	-
	Actuarial (gain)/Loss	14.15	22.83	(9.43)	0.74
	Present value of obligation at the end of period	304.99	269.51	75.43	70.17
II	<b>Change in Fair Value of Plan Asset</b>				
	Fair value of plan assets at the beginning of period	162.12	156.86	59.73	55.10
	Expected return on plan assets	12.16	12.76	4.48	4.59
	Contributions	30.53	4.08	-	-
	Benefits paid (if any)	(23.96)	(11.62)	-	-
	Adjustment because of LIC Fund Received late Last year	-	-	-	-
	Actuarial (gain)/loss on Plan assets	0.83	0.04	0.44	0.03
	Present value of plan asset at the end of period	181.69	162.12	64.64	59.73
III	<b>Actuarial gain/loss on Plan Assets</b>				
	Actual return on plan assets	12.99	12.80	4.92	4.63
	Actuarial gain/(loss)	0.83	0.04	0.44	0.03
	Expected Return on Plan Assets	12.16	12.76	4.48	4.59
IV	<b>Amount recognized in the Balance Sheet</b>				
	Present value of obligation at the end of period	304.99	269.51	75.43	70.17
	Fair value of plan assets at the end of period	181.69	162.12	64.64	59.73
	Net(Asset)/Liability recognized in the Balance Sheet and related analysis	122.31	107.39	10.79	10.45
	Funded status	(123.31)	(107.39)	(10.79)	(10.45)
	Best estimate for contribution during next period	31.25	-	1.24	-
V	<b>Expenses recognized in the statement of Profit and Loss</b>				
	Interest Cost	20.21	17.57	5.26	4.54
	Current Service Cost	25.08	21.08	9.42	8.16
	Expected return on plan asset	(12.16)	(12.76)	(4.48)	(4.59)
	Net Actuarial (gain)/loss recognized in the period	13.32	22.80	(9.86)	0.70
	Expenses to be recognized in the statement of profit and loss account	46.45	48.69	0.34	8.81
VI	<b>Balance Sheet Reconciliation</b>				
	Opening net Liability	107.39	62.77	10.45	1.63
	Expenses recognized in the statement of Profit and Loss	46.45	48.69	0.34	8.81
	Contributions	30.53	4.08	-	-
	Adjustment because of LIC Fund Received late Last year	-	-	-	-
	Net liability/(asset) recognized in balance sheet and related analysis	123.31	107.39	10.79	10.45
VII	<b>Actuarial Assumption used for the year</b>				
	Discount Rate	7.50%	8.00%	7.50%	8.00%
	Expected rate of Return on Plan Assets	7.50%	8.00%	7.50%	8.00%
	Salary Growth Rate	5.00%	5.00%	5.00%	5.00%
	Withdrawal rate (Per annum)	2.00%	2.00%	2.00%	2.00%
	Mortality	IALM 2006-08 Ultimate		IALM 2006-08 Ultimate	
VIII	<b>Liability as on balance sheet date</b>				
	Current liability	77.90	73.26	14.41	20.46
	Non - current liability	227.10	196.25	61.02	49.72
		<u>304.99</u>	<u>269.51</u>	<u>75.43</u>	<u>70.17</u>

ii) Defined Contribution Plans-charge to the Profit and Loss Account based on contribution

Rs. in Lacs

S. No.	Particulars	2016-17	2015-16
i	Superannuation	5.44	4.44
ii	Provident Fund	59.64	55.47
		<u>65.08</u>	<u>59.91</u>

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

### 28 Segment Information for the year ended March 31, 2017 as required by Accounting Standard-17 Segment Reporting

- (a) The Company is organized into three primary business segments mainly :
- i. Fertilizers and Chemicals
  - ii. Soya/Agri
  - iii. Others
- (b) Segments have been identified and reported taking into account the nature of products and services, returns, and the internal reporting system

Particulars	2016-2017				2015-2016			
	Fertilizers and Chemicals	Soya/Agri	Others	Total	Fertilizers and Chemicals	Soya/Agri	Others	Total
<b>Revenue (net)</b>								
External Sales/ Revenue	34,803.84	1,347.60	51.14	36,202.58	37,079.10	2,284.46	41.00	39,404.56
<b>Results</b>								
Segment Results	2,948.36	361.03	18.61	3,328.00	3,118.46	173.86	9.18	3,301.50
Unallocated Corporate Expenses (Net)				-				-
<b>Operating Profits</b>				3,328.00				3,301.50
<b>Interest Expenses(Net)</b>				3,114.59				2,966.23
<b>Profit before Exceptional Items and Taxation</b>				213.41				335.27
Exceptional items				-				-
Tax Expenses				34.24				169.60
<b>Profit After Tax</b>				179.17				165.67
<b>Other Information</b>								
Segment assets	40,644.31	2,489.29	324.51	43,458.11	36,736.61	2,732.95	359.39	39,828.95
Unallocated corporate assets				304.93				151.81
<b>Total Assets</b>				43,763.04				39,980.75
Segment liabilities	30,527.65	34.60	7.16	30,569.41	27,149.57	6.93	1.55	27,158.05
Unallocated corporate liabilities				293.59				101.82
<b>Total Liabilities</b>				30,863.00				27,259.87
<b>Capital Expenditure</b>	618.66	0.09		618.75	209.73	-		209.73
Unallocated Corporate Capital Expenditure				212.87				62.32
<b>Total Capital Expenditure</b>				831.62				272.05
<b>Depreciation / Amortisation</b>	579.43	183.30	20.65	783.38	581.19	222.77	22.24	826.20
Unallocated Corporate Depreciation				36.89				37.41
<b>Total Depreciation /Amortisation</b>				820.27				863.61
Non cash Expenditure other than Depreciation/ Amortisation	(179.54)	(0.88)	-	(180.42)	(65.02)	(0.00)	-	(65.02)
Unallocated Corporate Non Cash Expenses other than Depreciation / Amortisation				-				-
<b>Total non cash expenditure other than Depreciation/ Amortisation</b>				(180.42)				(65.02)

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

### 29 Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures'

#### Relationship:

##### (a) Associate of:

Shradha Project Limited

##### (b) Key Management Person and their Relatives :

(i) Shri Shailesh Khaitan

Chairman & Managing Director

(ii) Smt Swapna Khaitan

Wife of Chairman & Managing Director

(iii) Shri Utsav Khaitan

Whole Time Director

(Son of Chairman & Managing Director)

(iv) Shri Jagdish Lal Jajoo

Whole Time Director

(v) Shri Harsh Vardhan Agnihotri

President & Chief Financial Officer

(vi) Shri Kamlesh Joshi

Company Secretary & General Manager

##### (c) Related party which is under significant influence of KMP and / or their Relatives:

(i) The Majestic Packaging Co Pvt Ltd

(ii) Tri-bhuvan Properties Ltd.

(iii) Arati Marketing Private Limited

(iv) B O Constructions Private Limited

(v) Khaitan Paper & Packaging Pvt Ltd

During the year following transactions were entered into with Related Parties:

Name of Related Party	Nature of Transaction	31.03.2017	31.03.2016
Shradha Projects Ltd.	Opening Balance	1,208.50	681.50
	Loan Taken	25.00	532.00
	Loan Repaid	195.00	5.00
	Rent paid	3.60	3.60
	Interest paid	100.61	111.93
	Dividend Paid	22.88	22.88
	Interest outstanding	27.40	-
	Balance Outstanding	1,038.50	1,208.50
Shri Shailesh Khaitan	Opening Balance	0.84	3.51
	Remuneration	57.12	57.06
	Dividend Paid	1.79	1.79
	Balance outstanding	21.37	0.84
Smt. Swapana Khaitan	Dividend Paid	0.66	0.66
Shri Utsav Khaitan	Opening Balance	0.48	1.30
	Salary	24.00	16.31
	Dividend Paid	0.01	0.01
	Balance outstanding	1.81	0.48
Shri Jagdish Lal Jajoo	Opening Balance	-	-
	Remuneration & Fees	12.00	12.00
	Balance outstanding	1.00	-
Shri Harsh Vardhan Agnihotri	Opening Balance	-	(0.12)
	Salary	16.62	11.56
	Balance outstanding	0.13	-
Shri Kamlesh Joshi	Salary	9.56	7.45
The Majestic Packaging Co Pvt Ltd	Dividend Paid	11.02	11.02
Tri-bhuvan Properties Ltd.	Opening Balance	-	-
	Loan Taken	250.00	-
	Loan Repaid	250.00	-
	Interest Paid	1.97	-
	Interest outstanding	-	-
	Balance outstanding	-	-
B O Constructions Private Limited	Opening Balance	33.66	-
	Rent paid	36.60	36.60
	Balance outstanding	67.32	33.66
	Balance outstanding	-	-
Khaitan Paper & Packaging Pvt Ltd	Opening Balance	-	-
	Loan Taken	35.00	-
	Rent paid	1.20	-
	Interest paid	0.03	-
	Balance outstanding	35.00	-
	Balance outstanding	-	-
Arati Marketing Private Limited	Opening Balance	544.00	439.00
	Loan Taken	275.00	280.00
	Loan Repaid	140.00	175.00
	Sale of Vehicle	-	22.50
	Interest Paid	48.26	78.11
	Interest outstanding	14.52	-
	Balance outstanding	679.00	544.00
	Balance outstanding	-	-

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

### 30 Earning per Share (EPS)

Rs. in Lacs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit as per statement of profit and loss	179.17	165.67
Face Value of Share	1	1
Opening Balance of Shares ( nos.)	969.89	969.89
Add/ ( less) Change in shares during the year	-	-
<b>Closing Balance of Shares (nos.)</b>	<b>969.89</b>	<b>969.89</b>
Weighted average number of equity shares	969.89	969.89
<b>Basic &amp; Diluted EPS</b>	<b>0.18</b>	<b>0.17</b>

### 31 Derivative instruments and unhedged foreign currency exposure

(a) Particulars of unhedged foreign currency exposure as at the reporting date

NIL

NIL

(b) Derivatives outstanding as at the balance sheet date

Amount in Lacs

Particulars	2016-17		2015-16	
	Amount in Foreign Currency (USD)	Amount in Rs.	Amount in Foreign Currency (USD)	Amount in Rs.
<b>Forward Exchange Contracts outstanding</b>				
USD/INR (Purchase)	217.67	14,113.18	189.91	12,597.55

### 32 Contingent Liabilities & Commitments (to the extent not provided for) :

#### A. Claim against the Company not acknowledge as debts.

Rs. in Lacs

S.No. Particulars #	31.03.2017	31.03.2016
a Sales Tax Demand (under appeal)	-	0.48
b Purchase Tax (under appeal)	64.20	64.20
c Royalty on Rock Phosphate claimed by RSMM	158.36	158.36
d Entry Tax	41.08	40.97
e Sales Trade Tax	1.53	1.53
f Excise Duty	16.85	34.64
g Income-Tax	10.59	3.53
h Central Sales Tax	5.92	-
i Labour Case	5.50	-
j Custom & Excise Duty	185.47	185.47
k Bank Guarantee (Secured with FDR)	1,523.03	3,465.84

# The Company has been advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary.

#### B. Commitment:

Estimated amount of Capital Commitments (net of advances) not provided for

35.45

24.32

### 33 Disclosure on specified bank notes (SBNs)

During the year, the company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R 308(E) dated 31st March 2017, on the details of specified bank notes (SBN) held and transacted during the period from 8th November 2016 to 31st December 2016, the denomination wise SBNs and other notes as per the notification is given below:-

Particulars	SBNs	Other		Total
		Denomination		
Closing cash in hand 8.11.2016	3.17	31.01	-	34.17
Add : Permitted Receipts	-	27.19	-	27.19
Less : Permitted Payments	-	35.55	-	35.55
Less : Amounts deposited in Banks	3.17	-	-	3.17
<b>Closing cash in hand 30.12.2016</b>	<b>-</b>	<b>22.65</b>	<b>-</b>	<b>22.65</b>

34 Several High Courts have stayed the retrospective nature of amendment in the Payment of Bonus Act (Amendment), 2015 with effect from April 1, 2014. The Company has consequently not made any provision for Bonus for the year 2014-15 (Rs 9.93 lacs).

35 The Company is in the process of obtaining confirmations and reconciliation with its debtors, creditors and other dues receivables. The confirmations to the extent received have been reconciled and adjustments, if any, have been made. The others are pending for confirmations, reconciliations and adjustments, if any. However, the management does not expect any significant variations in the existing status.

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended March 31, 2017

- 36 In opinion of the Board and to the best of their knowledge and belief, value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
- 37 Other Current Assets include claims filed under Rajasthan Investment Promotion Scheme (RIPS), 2003 of Rs.6.27 Lacs (Previous year: Rs.6.27 Lacs) pertaining to 2006-07 and 2007-08, which were refused by the appropriate authorities in view of introduction of Rajasthan Value Added Tax w.e.f. 1st April, 2006. But the Company has considered the amount as recoverable and filed an appeal with the Tax Board, Ajmer (Rajasthan).
- 38 The Company has not provided for Moping up of subsidy on raw materials of fertilizer as on 31.03.2011 in terms of Office Memorandum No. 23011/1/2010-MPR dated 11-07-2011 issued by the Ministry of Chemicals & Fertilizers, Govt. of India, being reconsidered vide their letter No 23011/1/2010-MPR(Pt) dated 22.08.2012 and decided not to effect recovery till a policy in this regard is formulated. This has strengthened the management's view for not providing the above liability.
- 39 (a) Imported and Indigenous raw material, Components, Stores & Spares parts consumed

S.No. Particulars	2016-17		2015-16	
	% of total Consumption	Value Rs. in Lacs	% of total Consumption	Value Rs. in Lacs
i Raw materials :				
Imported	65.10%	13,676.97	57.53%	10136.46
Indigenous	34.90%	7,331.28	42.47%	9826.04
Total	100.00%	21,008.25	100.00%	19962.50
ii Components, Stores & Spares parts				
Imported	-	-	-	-
Indigenous	100.00%	2,155.98	100.00%	2082.77
Total	100.00%	2,155.98	100.00%	2082.77

(b) Value of Imports calculated on CIF basis:

S. No. Particulars	Rs. in Lacs	
	2016-17	2015-16
(i) Raw Material	10,947.78	6,793.25
(ii) NPK Fertilizers	1,492.10	-

(c) Expenditure in Foreign Currency :

S. No. Particulars	Rs. in Lacs	
	2016-17	2015-16
i Interest on Foreign currency loan	213.45	141.75
ii Bank Charges	0.40	2.79
	<u>213.85</u>	<u>144.54</u>

40 Previous year figures have been re-arranged and/or regrouped wherever considered necessary, to confirm current year classification.

41 The financial statements are presented in INR and all value are rounded to the nearest INR lacs, except when otherwise indicated.

As per our report of even date attached

**For and on behalf of Board of Directors**

for **S S Kothari Mehta & Co.**  
Chartered Accountants  
Firm's Registration Number: 000756N

**SHAILESH KHAITAN**  
(Chairman & Managing Director)  
(DIN : 00041247)

**VIJAY GUPTA** (DIN: 03511193)  
**BALMUKUND DAKHERA** (DIN: 05105269)  
**VEENA CHADHA** (DIN: 06886533)  
(Independent Directors)

**Harish Gupta**  
Partner  
Membership Number: 098336

**UTSAV KHAITAN**  
(Whole Time Director)  
(DIN : 03021454)

**JAGDISH LAL JAJOO**  
(Whole Time Director)  
(DIN : 02758763)

Place : Gurugram  
Date : May 29, 2017

**HARSH VARDHAN AGNIHOTRI**  
(President & Chief Financial Officer)  
PAN No. : ACXPA9315K

**KAMLESH JOSHI**  
(Company Secretary & General Manager)  
Membership No. : FCS 5096

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone-451 569 (M.P.)

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting

ATTENDANCE SLIP

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 35<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Tuesday, 22<sup>nd</sup> day of August, 2017 at 3:00 P.M. at the Registered Office of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451 569 (M.P.).

\*Applicable for investors holding shares in electronic form.

.....  
Signature of Shareholder / proxy

## KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone-451 569 (M.P.)

**PROXY FORM {MGT-11}**  
[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s): Registered address :		e-mail Id : Folio No./ *Client Id: DP Id*	
-------------------------------------------------	--	-------------------------------------------------	--

I/We, being the member(s) of ..... shares of Khaitan Chemicals and Fertilizers Limited, hereby appoint:

- 1) ..... of ..... having e-mail id ..... or failing him
- 2) ..... of ..... having e-mail id ..... or failing him
- 3) ..... of ..... having e-mail id .....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, 22<sup>nd</sup> day of August, 2017 at 3:00 P.M. at the Registered Office of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.) and at any adjournment thereof in respect of such resolutions as are indicated below:

\*Applicable for investors holding shares in electronic form.

Resolutions
1. Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.
2. Declaration of Dividend on Equity Shares.
3. To appoint a Director in place of Shri Utsav Khaitan (DIN: 03021454), who retires by rotation and being eligible offers himself for re-appointment.
4. Appointment of Auditors and fixing their remuneration.
5. Approval of the Remuneration of Cost Auditors.

Signed this ..... day of ....., 2017.

Folio No./DP Id/Client Id No. : ..... Signature of Shareholder : .....  
Signature of Proxy holder : .....

Affix 1/-  
Rupee  
Revenue  
Stamp

### 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. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 35<sup>th</sup> Annual General Meeting.



# BOOK-POST

To,



For any Complaints  
Contact: Manager (Production)  
Khaitan Chemicals & Fertilizers Limited  
Apna Road, 3rd Floor,  
1/2 Old Police, Indore (M.P.)  
Ph: 8731 - 420748  
Email: info@khaitanchem.com

QUALITY CERTIFIED  
गुणवत्ता पर पूर्ण का प्रमाण

ISO 9001:2015  
ISO 14001:2015  
OHSAS 18001:2014

स्वेतान  
FERTILIZER - ZINCATED  
SINGLE SUPER PHOSPHATE  
GRANULES  
P(NACS)-16%, P(WS)-14.5%, S-11%, Zn-0.5%  
Net Weight 50 Kg, Gross Weight 50.12 Kg

Registered Office :  
Khaitan Chemicals & Fertilizers Limited  
Nimrani, District - Khargone (M.P.)

Manufacturing unit :  
Khaitan Chemicals & Fertilizers Limited  
1. Nimrani, District - Khargone (M.P.)  
2. Dhinwa, Nimbaheda, District - Chittod (Raj.)  
3. Goramachhiya, District - Jhansi (UP)  
4. Malwan, District - Fatehpur (UP)  
5. Farhad Somni, District - Rajnandgaon (CG)  
6. Vagra, District - Bharauch (GUJ)

स्वेतान, खैतान, खैतान, खैतान