



KHAITAN CHEMICALS & FERTILIZERS LIMITED



30th Annual Report 2011-2012

KHAITAN CHEMICALS & FERTILIZERS LIMITED



ANNUAL GENERAL MEETING:	BOARD OF DIRECTORS:
Date : 3 rd August, 2012 Day : Friday Time : 1.00 P.M. Place : Registered Office	Shailesh Khaitan : Chairman & Managing Director J. L. Jajoo : Whole Time Director O.P. Bagla : Director (Resigned w.e.f. 30.07.2011) Dr. P. Goyal : Director Vijay Gupta : Director B.M. Dakhera : Additional Director (w.e.f. 31.10.2011)
REGISTERED OFFICE:	PRESIDENT & SECRETARY:
A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone -451569 (M.P.)	R. S. Vijayvargiya
INDORE OFFICE:	AUDITORS:
301-308, Apollo Arcade, 1/2, Old Palasia, Indore -452018 (M.P.)	M/s. S. S. Kothari Mehta & Co. 146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065
DELHI OFFICE:	KOLKATA OFFICE:
201, Skipper House, 62-63, Nehru Place, New Delhi-110019	46-C, Rafi Ahmed Kidwai Road, 3 rd Floor, Kolkata-700 016
WORKS :	SOLICITORS:
Fertilizers & Chemical Division: 1). A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451569 (M.P.) 2). Village Goramachia, Kanpur Road, Jhansi - 248001 (U.P.) 3). Village Dhinva, Tehsil Nimbahera Dist. Chittorgarh - 312601 (Rajasthan) 4). A-1, UPSIDC Industrial Area, Malwan, Dist. Fatehpur - 212664 (U.P.) 5). Village Farhad (Somni), Dist. Rajnandgaon - 491443 (Chattisgarh)	M/s. Khaitan & Partners Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001
Processing facility at Arihant phosphate & Fertilizers Ltd. 6). Village Sagwadia, Tehsil Nimbaheda, Dist. Chittorgarh - 312601 (Rajasthan)	BANKERS:
Soya Division: Dosigaon Industrial Area, Ratlam - 457001 (M.P.)	State Bank of India IDBI Bank Ltd. Corporation Bank HDFC Bank Ltd., Axis Bank Ltd.
	CONTENTS:
	Notice :1-3 Directors' Report :4-6 Management Discussion & Analysis Report :7-8 Corporate Governance Report :9-13 Auditor's Report :14-16 Balance Sheet :17 Profit & Loss Account :18 Cash Flow Statement :19 Notes to financial statements :20-36
	Listing of Shares:
	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 & FERTILIZERS LIMITED



NOTICE

NOTICE is hereby given that the **THIRTIETH ANNUAL GENERAL MEETING OF KHAITAN CHEMICALS & 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 **Friday, 3rd day of August, 2012** at 1.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited statement of accounts for the year ended 31st March, 2012 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2012.
3. To appoint a director in place of Mr. Dr. P. Goyal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of section 257 of the Companies Act, 1956 and other applicable provisions if any, Shri Balmukund Dakhera, be and is hereby appointed as a director of the Company and liable to retire by rotation".

6. To consider and if thought fit, to pass with or without modification(s) the following Resolution as **Special Resolution:**

APPOINTMENT OF SHRI J.L. JAJOO AS WHOLE TIME DIRECTOR OF THE COMPANY

"RESOLVED THAT pursuant to provisions of sections 198, 269, 309, 310, read with part I and II of Schedule XIII and other applicable provisions of Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to approval of Banks, as may be required, the Company hereby approves the terms of appointment and remuneration of Shri J.L. Jajoo, which has been approved by the Board of Directors of the Company as **Whole Time Director** for a period of three years w.e.f. 01.11.2011 in accordance with the provisions specified in part I & II of Schedule XIII to the Companies Act, 1956 on the terms & conditions including remuneration as are set out in the explanatory statement attached to the Notice convening this Annual General Meeting a copy where of initialed by the Chairman for the purposes of identification is placed before this meeting, be and the same is hereby approved, with such modifications as may be agreed to by the Board of Directors of the Company and Shri J.L. Jajoo."

7. To Consider and if thought fit, to pass with or without modification(s) the following resolution as

Special Resolution:

RE-APPOINTMENT OF SHRI SHAILESH KHAITAN AS CHAIRMAN & MANAGING DIRECTOR.

"RESOLVED THAT pursuant to provisions of sections 198, 269, 309, 310, read with part I and II of Schedule XIII and other applicable provisions of Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to approval of Banks, as may be required, the Company hereby approves the terms of appointment and remuneration of Shri Shailesh Khaitan, which has been approved by the Board of Directors of the Company as **Chairman & Managing Director** for a period of three years w.e.f. 01.04.2012 in accordance with the provisions specified in part I & II of Schedule XIII to the Companies Act, 1956 on the terms & conditions including remuneration as are set out in the explanatory statement attached to the Notice Convening this Annual General Meeting a copy where of initialed by the Chairman for the purposes of identification is placed before

this meeting, be and the same is hereby approved, with such modifications as may be agreed to by the Board of Directors of the Company and Shri Shailesh Khaitan."

Registered Office:
A. B. Road, Village-Nimrani,
Dist. Khargone (M.P.)
Date: May 29, 2012

By Order of the Board
S/d
(R. S. Vijayvargiya)
President & Secretary

NOTES :

1. 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 the meeting.
2. 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. Members are requested to registered their e-mail address with the Company for sending the notice, annual report, and other documents through e-mail. We are sure you would appreciate the "Green Initiative" taken by MCA and your company's desire to participate in such initiatives.
3. Member(s)/Proxies are requested to bring the attendance slip annexed herewith, duly filled in, for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 30, July, 2012 to 3, August, 2012, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
5. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
6. 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.
7. 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.
8. Shareholders who are still holding physical share certificate are advised to dematerialise their shareholding to avail benefit of dematerialisation.
9. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2003-04 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to section 205C of the Companies Act, 1956.
10. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the President & Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
11. Profiles of directors being re-appointed, as required under Clause 49 of the Listing Agreement, are annexed hereto and form part of the Notice.
12. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Explanatory Statement: Pursuant to Sec 173 (2) of the Companies Act 1956.

Item No. 5 :

Shri Balmukund Dakhera was appointed as an Additional Director at the meeting of Board of Directors held on October 31, 2011. He hold office up to date of ensuing Annual General Meeting. Shri Balmukund Dakhera is the Chartered Accountants and he is having rich & vast experience in the field of Taxation & Finance. The Company would benefit by his appointment.

Notice as required under section 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member proposing the appointment of Shri Balmukund Dakhera as Director of the Company. Your Directors recommend the resolution for approval. None of the Directors of the Company except Shri Balmukund Dakhera is concerned or interested in the resolution relating to appointment.

Item No. 6 :

Shri J.L. Jajoo is a Chartered Accountant and he was earlier associated with this Company since beginning to 1995 as Vice President/ President/ Executive Director, and thereafter remain on the Board as Independent Director.

The Board of Directors of the Company at its meeting held on 31st October, 2011 has therefore appointment of Shri J.L. Jajoo, as Whole Time Director of the Company subject to the approval of members and shareholders of the Company in ensuing annual general meeting for a period of three years w.e.f. 01.11.2011, at the remuneration, in accordance with the norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956.

Further, Shri J.L. Jajoo shall be specifically look after strategically business development and administration.

The information in respect of the terms of remuneration and perquisites is given below:

Remuneration, benefits and perquisites:

i. Salary:

Rs. 1,00,000/- per month, Salary will be subject to the deduction of Income tax/professional tax at the applicable rates.

ii. Perquisites

a) Housing:

The Company shall provide accommodation for the whole time director at place other than Mumbai, being his permanent residence.

b) Medical Reimbursement:

Reimbursement of medical expenses actually incurred for self and family, subject to the ceiling of one month 's salary in a year with a right to carry forward.

c) Leave and Leave Travel Concession:

Leave Travel Concession for self and family, subject to the ceiling of one month's salary.

Earned privilege leaves on full pay and allowance as per the rules of the Company subject to the condition that leave accumulated but not availed of shall not be allowed to be encashed.

d) Club Fees:

Shri J.L. Jajoo shall be entitled to the reimbursement of fees of any two clubs in India. This will not include admission and life membership fee.

e) Personal Accident Insurance:

The Company shall pay an annual premium of a sum not exceeding Rs. 20000/- towards personal accident insurance policy of Shri J.L. Jajoo.

f) Car & Telephone:

Free use of Company's car for the Company's business. Personal long distance call on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

v) Limits on Remuneration:

The remuneration as specified in clauses above shall be subject to the overall limits as specified under sections 198, 269, 309 and other

applicable provisions read with Schedule XIII of the Companies Act, 1956.

iii) Minimum Remuneration :

In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, perquisites, benefits, allowances and amenities payable to Shri J.L. Jajoo shall be in accordance with the Para B, section II, Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

iv) Sitting Fees :

Shri J.L. Jajoo shall not be paid sitting fees for attending the meetings of the Board of Directors of the Company and committees thereof.

Shri J.L. Jajoo is not liable to retire by rotation during his tenure as Whole Time Director.

None of the Directors other than Shri J.L. Jajoo, is concerned or interested in the said resolution.

This explanation, together with the accompanied notice is and should be treated as an abstract under section 302 of the Companies act, 1956 in respect of the appointment of Shri J.L. Jajoo, as Whole Time Director.

The Board recommends the proposed resolution as a special resolution for your approval.

ITEM No. 7 :

Shri Shailesh Khaitan was re-appointed as Managing Director in 28th Annual General Meeting of the Company w.e.f. April 1, 2009 for a period of 3 years.

Shri Shailesh Khaitan is a promoter director of the Company and associated as Managing Director since 1st September, 1984. In his able leadership the performance of the Company has been satisfactory.

The Board of Directors of the Company at its meeting held on 29th May, 2012 has therefore revised the term of appointment of Shri Shailesh Khaitan as Chairman & Managing Director of the Company subject to the approval of members and shareholders of the Company in ensuing annual general meeting for a period of three years w.e.f. 01.04.2012, at the remuneration, in accordance with the norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956.

The information in respect of the terms of remuneration and perquisites is given below:

Remuneration, benefits and perquisites:

i. Salary:

Rs. 700000/- (Rupees Seven lacs) per month, with an annual increment of Rs.50000/- per month. Salary will be subject to the deduction of Income tax at the applicable rates, under the Income Tax Act, 1961.

ii. Contribution to Provident Fund:

Company's contribution towards Provident Fund subject to a ceiling of 12% of the salary.

Contribution towards Provident fund, Pension/ Superannuation fund/ Public Provident fund as per rules of the Company to the extent that these are not taxable under the Income Tax Act.

iii. Commission :

1% on the net profit of the Company, computed in manner laid down under Companies Act, 1956 subject to the maximum 100% of the salary.

iv. Perquisites

a) Housing:

(i) Expenditure incurred by the Company on hiring accommodation for the Managing Director will be subject to 60% of the salary.

(ii) If the Company does not provide accommodation to the managing director, house rent allowance will be paid by the Company to the managing director subject to the ceiling mentioned hereinabove.

(iii) If accommodation in the Company's owned house is provided, the managing director shall pay to the Company by way of rent i.e. 10% of the salary.

(iv) The expenditure incurred by the Company on gas, electricity, water and furnishings provided to him will be valued as per Income Tax

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Rules, 1962, subject to a ceiling of 10% of the salary.

b) Medical Reimbursement:

Reimbursement of medical expenses actually incurred for self and family, subject to the ceiling of one month's salary in a year with a right to carry forward.

c) Leave and Leave Travel Concession:

Leave Travel Concession for self and family, subject to the ceiling of one month's salary.

Earned privilege leaves on full pay and allowance as per the rules of the Company subject to the condition that leave accumulated but not availed of shall not be allowed to be encashed.

d) Club Fees:

Shri Shailesh Khaitan shall be entitled to the reimbursement of fees of any two clubs in India. This will not include admission and life membership fee.

e) Personal Accident Insurance:

The Company shall pay an annual premium of a sum not exceeding Rs. 20000/- towards personal accident insurance policy of Shri Shailesh Khaitan.

f) Car & Telephone:

Free use of Company's car for the Company's business

Personal long distance call on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

v) Limits on Remuneration:

The remuneration as specified in clauses above shall be subject to the overall limits as specified under sections 198, 269, 309 and other applicable provisions read with Schedule XIII of the Companies Act,

1956.

vi) Minimum Remuneration:

In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, perquisites, benefits, allowances and amenities payable to Shri Shailesh Khaitan shall be in accordance with the Para B, section II, Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

vii) Sitting Fees:

Shri Shailesh Khaitan shall not be paid sitting fees for attending the meetings of the Board of Directors of the Company.

Shri Shailesh Khaitan is not liable to retire by rotation during his tenure as Chairman & Managing Director.

None of the Directors other than Shri Shailesh Khaitan, is concerned or interested in the said resolution.

This explanation, together with the accompanied notice is and should be treated as an abstract under section 302 of the Companies act, 1956 in respect of the appointment of Shri Shailesh Khaitan as Chairman & Managing Director.

The Board recommends the proposed resolution as a special resolution for your approval.

Registered Office:
A. B. Road, Village-Nimrani,
Dist. Khargone (M.P.)
Date: May 29, 2012

By Order of the Board
S/d
(R. S. Vijayvargiya)
President & Secretary

Details of Directors seeking appointment / re-appointment at the Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

	1	2
Name of Director	Dr. P. Goyal	Shri Balmukund Dakhera
Age	68 years	50 years
Qualification	BSc Tech. (Chemicals Engineering and Ph.D in Chemical Engineering)	Chartered Accountant
Date of Appointment	16 th July, 1999	31 st October, 2011
Expertise	Excellent General Management Skills & Vast Project Consulting Experience.	Rich and vast experience in the field of Taxation and finance.
Other Directorships (excluding Pvt. Companies) as on 31 st March, 2012	Nil	Nil
Chairman / Member of the Committees as on 31 st March, 2012	Khaitan Chemicals & Fertilizers Ltd.: Chairman-Audit Committee Member-Shareholder's/ Investor's Grievances Committee	Audit/ Remuneration Committee: Khaitan Chemicals & Fertilizers Ltd.

	3	4
Name of Director	Shri J.L. Jajoo	Shri Shailesh Khaitan
Age	68 years	56 years
Qualification	Chartered Accountant	B. Com (Hons.)
Date of Appointment	1 st January, 1991	1 st September, 1984
Expertise	Rich and vast experience in the field of Management and finance.	Industrialist
Other Directorships (excluding Pvt. Companies) as on 31 st March, 2012	Nil	1.Shradha Projects Ltd. 2.Tribhuvan Properties Ltd.
Chairman / Member of the Committees as on 31 st March, 2012	Nil	Nil

KHAITAN CHEMICALS & FERTILIZERS LIMITED



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 30th annual report of the Company and audited statement of accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March, 2012 is summarised below:

(Rs. in lacs)

	2011-2012	2010-2011
Sales (Gross)	64,858.54	46,033.42
Net Sales	64,787.35	46,025.66
Surplus before interest, depreciation, exceptional items and Tax	6,487.83	7,254.14
Less: Interest & Financial Expenses	2,609.26	1,770.23
Cash Profit before tax	3,878.57	5,483.91
Less: Depreciation	731.62	666.16
Exceptional Items	95.06	168.06
Profit/(Loss) before taxation	3,051.89	4,649.69
Provision for current tax	969.61	1,570.40
Deferred tax	(86.43)	(70.54)
Income Tax of earlier year	(5.49)	7.00
Profit/(Loss) after taxation	2,174.20	3,142.83
Proposed Dividend @ 24%	232.77	232.77
Earning Per Share (face value of Re. 1/- each)	2.24	3.24

REVIEW OF OPERATIONS

Fertilizer & Chemicals Division:

The Nutrient Base Subsidy (NBS) with free market mechanism encouraging more interaction between producers and farmers for efficient use of fertilizer for better agricultural output, is a long term positive for Fertilizer Industry.

We are confident that in a rational subsidy scheme, the SSP industry shall grow considerably resulting in higher availability of this 'generic customized fertilizer' for Indian farmers at competitive prices with no extra cost to exchequer. With the growth of the Industry and the Government's commitment to encourage this fertilizer through greater extension services, it shall also reduce country's dependence on imported phosphatic fertilizer.

During the current year, the Government has mopped up Rs.863/- PMT on account of stock lying as on 31.03.2011 and also stopped reimbursement of freight subsidy of Rs.200 PMT. Both of the above works out to Rs. 1981.96 lacs for the year. The Govt. also intends to mop up subsidy on account of stock of raw material, however, so far they have not worked out such mop up on raw material.

These arbitrary, adhoc, retrospective irrational and above all against the basic theme of NBS, decisions of Government make the Industry apprehensive and the future of the business uncertain.

The year 2011-12 commenced with an increasing trend in prices of raw material & finished goods which have adversely affected the profitability during the year. However, again while phosphatic products like DAP have come down in the International market below the level of March 2011, the prices of main raw materials i.e., Rock phosphate has increased by atleast 50% since March 2011. This clubbed with lower NBS subsidy for the year 2012-13 shall hit the Industry atleast during the current Kharif season.

During the year 2011-12, the Company produced 522358 MT (previous year 433393 MT) Single Super Phosphate and sold 538250 MT (previous year 451067 MT) which was highest ever production and sales by the Company.

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.

Soya Division:

In view of total speculative behavior in the market, leading to lack of upfront crushing margin during the year, the Company has restricted the business activities in the current year. The Company is adequately leveraging its position by hedging its inventories to counter the high volatility.

The performance of the Company is satisfactory pursuant to the cautious approach followed by the Company. During the year, the Company has crushed 47829 MT (previous year 42541 MT) Soybean seed including NIL (previous year 10551) through Job work basis.

DIVIDEND

The Board of Directors is pleased to recommend final dividend of Re. 0.24 per equity share (face value of Re. 1/- per share) for the year 2011-2012, which is equal to previous year.

PROJECTS & FINANCE

The project for manufacturing of 200000 TPA of SSP and Phospho Gypsum at Dahej, Gujarat has received all the necessary NOCs from concerned Authorities. The Company expects to start civil work shortly. The State Bank of India has sanctioned the term loan of Rs. 21.50 Crores for the project.

The Company has acquired land for putting up fertilizer project near Neemuch (Madhya Pradesh). The Company has also applied for environment clearance for expansion of fertilizer capacity at our existing locations.

During the year, the Company has incurred loss (including MTM) of Rs. 910.94 lacs on account of Foreign Exchange Fluctuation (previous year loss Rs.64.99 lacs) and grouped in 'other expenses'. Axis Bank Limited has become part of our banking consortium.

FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year under review, pursuant to the provisions of Section 58A of the Companies Act, 1956 and the Deposit Rules.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



AUDITORS & AUDIT REPORT

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, Statutory Auditors of the Company retires at the conclusion of ensuing annual general meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment as Statutory Auditors of the Company, if made, would be within the limit prescribed u/s 224 (1) of the Companies Act, 1956 and also received peer review certificate issued by the ICAI 'Peer Review Board', as required under Clause 49 of listing agreement.

Regarding qualification remark under point 4 of the Auditors' Report, the Management is of the view that there is no liability and therefore the Company has not provided for Moping 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 unreasonable and unjustified, which is neither ascertainable nor deducted/withheld by Govt. of India as on date and being protested by the Industry.

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

COST AUDIT

The Board of Directors, in pursuance of an order under section 233B of the Companies Act, 1956, issued by the Central Government, has appointed 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 2012-2013.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed in Form-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 is not applicable.

FOREIGN EXCHANGE EARNING AND OUTGO

The Company has earned Rs. NIL lacs on export of goods (Previous year Rs. 85.34) and incurred Rs. 17087.32 lacs (Previous year Rs. 9481.97 lacs) on import of Raw Materials, Capital Goods, Fees & Subscription and Interest on Foreign Currency Loan.

DIRECTORS

During the year under review, Shri O.P. Bagla, Director of your Company, resigned w.e.f. 31st July, 2011. The Board placed on record its sincere appreciation for valuable services rendered and contribution made by him.

The Board at its meeting held on 31st October, 2011 has appointed Shri J.L. Jajoo, as Whole Time Director of the Company subject to the approval of shareholders of the Company in ensuing annual general meeting for a period of three years w.e.f. 01.11.2011.

Shri J.L. Jajoo, Chartered Accountant, is associated with your Company since beginning to 1995 as Vice President/ President/ Executive Director, and thereafter remained on the Board as Independent Director.

Shri Balmukund Dakhera, Chartered Accountant, is appointed as an Additional Director of the Company w.e.f. 31st October, 2011 and will hold office up to the date of the forthcoming Annual General Meeting and being eligible offers himself for re-election. Directors recommend his reappointment.

Shri Shailesh Khaitan is re-appointed as Managing Director of the Company for a period of three years w.e.f. 01.04.2012. His term of

appointment expired on 31.03.2012.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. P. Goyal, the 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.

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 Clause 49 of the listing agreement with the stock exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies (Amendment) Act, 2000, 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 the 31st March, 2012 and of the Profit 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Clause 49 of the listing agreements with Stock Exchange, the Management Discussion and Analysis Report forms part of this Report (Annexure - B)

CORPORATE GOVERNANCE

Your Company has always strived to maintain appropriate standards of good corporate governance. The report on corporate governance as stipulated under clause 49 of the listing agreements forms part of this Report. The requisite certificate from the auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the said clause is attached to this report. Annexure - C.

LISTING OF SHARES

Shares of the Company are listed on Bombay Stock Exchange (BSE), which provides wider access to the investor nationwide.

The Company has made all the compliances of Listing Agreement including payment of annual listing fees up to 31st March, 2012 to the BSE.

PARTICULARS OF EMPLOYEES

The particulars of employees required to be furnished under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report (Annexure-A.)

ACKNOWLEDGEMENT

The Board of Directors, would like to record their sincere appreciation for the support and co-operation that your Company received from the State Bank of India, IDBI Bank Limited, Corporation Bank, HDFC Bank Limited and Axis Bank Ltd., various departments/ agencies of Central/State Govt., Members, Customers, Suppliers, Employees and other business associates of the Company.

Place: New Delhi
Date: May 29, 2012

for and on behalf of the Board
(Shailesh Khaitan)
Chairman & Managing Director

KHAITAN CHEMICALS & FERTILIZERS LIMITED



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:

	Current Year	Previous Year
1. Electricity:		
a) Purchased Units	13959688	11120151
Total amount (Rs. in Lacs)	812.55	663.77
Rate/Unit (Rs.)	5.82	5.97
b) Own generation:		
i. Through diesel generator Units	172062	171736
Total amount (Rs. in Lacs)	26.35	21.63
Rate/Unit (Rs.)	15.32	12.59
ii. Through steam turbine Units *	12911822	10977680
Total amount	-	-
(*Net of Self Consumption in TG)		
2. Coal:		
Quantity (In MT)	4285	2719
Total Cost (Rs. in Lacs)	277.33	121.66
Rate/Unit (MT) (Rs.)	6471.61	4474.44
3. Furnace oil:		
Quantity (K. Lts.)	1773	1326
Total Amount (Rs. in lacs)	743.25	418.10
Average Rate /Lt.	41.91	31.54

B. Consumption per Unit of Production:

Item	Product	Current	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	28	29
	S.A./Oleum/Liquid So3	64	63
	Soya Oil/Doc	46	45
Coal (KG/MT)	Soya Oil/Doc/Power	72	71

II - Statement Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975 & Forming part of Directors' Report:

Name of Employees/his Qualification/designation	Age/No. of years Experience	Date of Commencement of Employment	Remuneration (Rs. in Lacs)	Last Employment
Employed through out the year: Shri Shailesh Khaitan B.Com (Hons.)/ Chairman & Managing Director	56/32	01-09-84	100.54	Managing Director, M/s. Majestic Packaging (P) Ltd. Kolkata

Remuneration includes salary, commission, leave travel assistance and expenditure incurred by the Company on other perquisites valued in accordance with the Income Tax Rules, 1962.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



MANAGEMENT DISCUSSION AND ANALYSIS REPORT Annexure-B

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.

BUSINESS OVERVIEW:

The Company is mainly engaged in the manufacturing of Single Super Phosphate (Fertilizer) and Soya Edible Oil. Both the segments are related to agriculture and dependent on monsoon.

Segment-wise Business Review and Operational and Financial Performance:

The summarized performance in terms of production and Sales for last 5 years is as under: (Quantity in MT)

Particular	2011-12	2010-11	2009-10	2008-09	2007-08
Production:					
SSP	522358	433393	332543	226000	175450
Sulphuric Acid	164467	140911	94895	62423	82678
Oleum/Liquid So ₃	773	2467	4508	4659	5511
Seed Crushing	47829	42541	12135	51395	133575
Refined Oil	11164	7262	5485	11895	19637
Sales:					
SSP	538250	451067	244520	220259	222065
Sulphuric Acid	40488	48730	45941	35668	49374
Soya Oil	11836	6929	5345	12284	25361
De-Oiled Cake	41964	31178	9964	46143	111539

The summarized financial performance for last 5 years is as under: (Rs. In lacs)

Particular	2011-12	2010-11	2009-10	2008-09	2007-08
Sales:					
Fertilizer	48553.09	35024.27	15595.54	21459.32	12948.49
Soya	15631.21	10735.83	4690.44	13630.90	26685.63
PBIDT:					
Fertilizer	5071.90	6871.80	1086.84	4240.29	1784.39
Soya	650.19	269.61	(210.53)	87.07	977.39
EPS(Rs) :	2.24	32.43	0.86	10.61	9.31
DIVIDEND:	24%	24%	12%	18%	18%
Face Value (Rs.)	1	10	10	10	10

FERTILIZER & CHEMICALS DIVISION:

The Company has India's largest Single Super Phosphate (SSP) production capacity of 9,11,000 MT in the states of Madhya Pradesh, Rajasthan, Uttar Pradesh & Chhattisgarh alongwith Sulphuric Acid (SA) production capacity of 2,70,600 MT in the states of Madhya Pradesh, Uttar Pradesh & Chhattisgarh. Sulphuric Acid is also an intermediary raw material for production of SSP.

The Company, being largest producer and seller of SSP in India, has produced 522358 MT SSP (including 34505 MT through Job work basis), and sold 538250 MT SSP.

The Company is determined to keep its leading position in SSP industry.

Industry Structure and Developments:

India is basically an agriculture based economy and the fertilizer sector is very crucial for the Indian economy. Main features of this industry are-

- Basic need for agriculture and its development.
- Third largest producers & consumer in the world.

- Highly dependent on Imported Raw Material.
- Highly subsidised by Government of India.
- Substantial Import of Finished Products.

The Company is producing SSP which contains Phosphates, Sulphur, Calcium and other micro nutrients and could be said to be a 'Generic Customised Fertilizer'. It is an essential Fertilizer for crops like Pulses, oil seeds, Sugarcane, Fruits and Vegetables, Tea etc. and for sulphur deficient soils.

The union Budget 2012, laid down in parliament on 16th March, 2012 by Hon'ble Finance Minister Mr. Pranab Mukherjee speaks as under:

"To reduce India's import dependence in urea, Government has taken steps to finalise pricing and investment policies for urea. It is expected that with the implementation of the investment policy, country will become self sufficient in manufacturing urea in the next five years. In case of the potassic-phosphatic (P&K) fertiliser, use of single super phosphate (SSP) will be encouraged through greater extension work. This fertiliser is manufactured entirely in the domestic sector. Enhanced production would bring down our dependence on imports in the P&K sector".

NBS Policy has put the SSP industry alongwith other fertilizers which shall ultimately ensure availability of SSP fertilizer which is more farmer friendly, environment friendly, and an agronomically preferred fertilizer. Increased use of SSP shall also help in conserving foreign currency, to the extent it will substitute import of finished 'P & K' fertilizers.

Demand of Fertilizer is not likely to be the problem for the SSP industry, however, timely release of subsidy by Government of India, and distribution will be major concern.

Thus the SSP industry shall help to achieve government intention to reduce dependence on imported fertilizers.

Future Outlook:

The Country stress on higher agri-productivity with considerable better realization to farmers shall bound to increase the demands of fertilizers. However at the same time this may not reflect in figures due to optimum use of fertilizer by farmers and control on leakage on subsidized fertilizers to neighboring countries as well as other (mis)uses. The direct transfer of subsidy shall also force farmers to rationale use of fertilizers.

Fertilizer industry including SSP is a capital incentive and need huge working capital requirement and therefore interest rate along with delay in disbursement of subsidy is always matter of concern of the Company.

The Company expects healthy growth in the demand for fertilizers, especially SSP on the back of promotion of a more balanced nutrient consumption. The Single Super Phosphate fertilizer is a generic customized fertilizer containing sulphur, calcium & other micro nutrients besides phosphate. The Nutrient Base Subsidy is a long term positive for Fertilizer Industry particularly SSP Industry with free market mechanism encouraging more interaction between producers and farmers for efficient use of fertilizer for better agriculture output.

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.

Opportunity, Threats, Risk & Concerns:

The Nutrient Base Subsidy (NBS) is a long term positive for Fertilizer Industry with free market mechanism encouraging more interaction between producers and farmers for efficient use of fertilizer for better agricultural output.

We are confident that in a rational subsidy scheme, the SSP industry shall benefit the most due to inherent benefit to Indian farmers and the Govt. The Company is in an advantageous position for tapping its already established capacity with multi- geographical locations and established brands.

NBS policy may attract 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 will also lead to intense competition for market share.

Delay in subsidy payment, uncertainty of monsoon and volatile International market of Raw Material, seasonal consumption of fertilizer (2 months/year) clubbed with logistics availability/ cost and higher requirement of working capital shall remain concerns for the Industry/ Company.

SOYA DIVISION

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

The Company is not able to utilize its plant capacity mainly due to already excess capacity in the Industry with continuous new capacities with smaller investments and corresponding higher tax incentives by State Government. Moreover due to long shelf life and an active future commodity market of Soya-Oil and Soybean, Soybean has become a favorite of traders and fund investors, leading to excessive speculation and volatility.

During the year, the Company has crushed 47829 MT (Previous year 42540 MT) Soybean seed including NIL (Previous year 10551 MT) through job work basis.

Industry Structure and Developments:

The most popular and the largest produced oilseed in the world is soybean. 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 soybean through complex refining process by crushing soybeans, 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 10-12 years, and figures around 31 million tons in absolute terms. Countries like U.S, China, Argentina and India has a strong consumer base. Consumption has also risen in other nations like European Union, Central Europe, Egypt, Morocco, Mexico, and Brazil.

Soybean 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.

Soybean holds a very important position in the Indian agriculture and economy. Madhya Pradesh has the lead among the soybean producing states in India. 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 10-11 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 Soybean meal is bound to increase.

Soybean and Soy-Oil are actively traded in Indian commodity exchanges namely, National Commodity & Derivatives Exchange Ltd. (NCDEX), Multi Commodity Exchange of India Ltd. (MCX) and National Board of Trade Ltd. (NBOT).

Future Outlook:

In India, the crushing capacity of Soybean 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 soybean crop due to increase in yield. Eventually on expiry of incentive period accorded to new entrants existing players like us will have a competitive edge in a level playing field.

Opportunity, Threats, Risk & Concerns:

The Company is enjoying ideal location of its Soya processing plant i.e. at the heart of soybean 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 produce and sell their surplus soybean with hefty State subsidies to agriculture.

Production of soybean 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 soybean & soya oil very speculative products in Commodity Exchanges.

We are continuously repositioning ourselves according to changing market scenario and strengthening our competitive position.

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 O.P. Bagla & Co., Chartered Accountants, as an Internal auditor, who report significant findings to the Audit Committee of the Board. Consequently adequate steps are taken to improve the operations.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS:

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.

Amidst all the pressures and demands of the growing business, Industrial Relations continued to be cordial with our Unions /Employees.

ENVIRONMENT AND SAFETY:

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

At Company, environment concerns have always taken precedence; Our Factories are certified by OHSAS 18001 through external auditors and have been re-certified for International standards ISO 14001 for Environment Management System.

To address the concerns on Environment Protection, concrete efforts were made towards natural resource conservation by way of water harvesting, Sewage Treatment Plant etc.

The Company was awarded with "ENVIRONMENTAL PROTECTION AWARD" from the "THE FERTILIZER ASSOCIATION OF INDIA" and Letter of Appreciation from The National Safety Council of India for its Nimbaheera plant.

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

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, shareholder, creditors, consumer, institutional and other term lenders and place due emphasis on regulatory compliance.

2. BOARD OF DIRECTORS:

COMPOSITION, MEETINGS AND ATTENDANCE:

The present strength of the Board of Directors is five. Out of the five directors, three directors are Non -Executive and independent and Shri Shailesh Khaitan, an Executive Promoter-Director is the Chairman & Managing Director of the Company & Shri J.L. Jajoo, an Executive-Director is the Whole Time Director of the Company. The composition of the Board of Directors meets the stipulated requirement.

The Board's composition and categories as on March 31, 2012, and the attendance of each director at Board meetings and the last Annual General Meeting (AGM) are as under

Name of Director	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
Shri Shailesh Khaitan	Promoter, Executive	Three	One	NIL	Eight	Yes
Shri J.L. Jajoo ***	Executive	NIL	NIL	NIL	Four	Yes
Shri O.P. Bagla *	Independent, Non- Executive	NIL	NIL	NIL	Two	Yes
Dr. P. Goyal	Independent, Non- Executive	NIL	NIL	One	Eight	Yes
Shri Vijay Gupta	Independent, Non- Executive	NIL	NIL	NIL	Eight	Yes
Shri Balmukund Dakhera**	Independent, Non- Executive	NIL	NIL	Two	One	N.A.

* Resigned from directorship w.e.f. 29.07.2011.

** Appointed as additional director w.e.f. 31.10.2011.

*** Appointed as Whole Time Director for a period of 3 years w.e.f. 01.11.2011.

During the financial year ended on March 31, 2012. Eight Board Meetings were held on May 18, 2011, July 29, 2011, August 23, 2011, September 6, 2011, October 14, 2011, October 31, 2011, February 6, 2012, and March 20, 2012.

The Company's last Annual General Meeting (AGM) was held on July 29, 2011.

3. BOARD COMMITTEES:

A. AUDIT COMMITTEE

The present strength of the Audit Committee is three. Shri Balmukund Dakhera is the Chairman of the Audit Committee of the Company. All the members of the Audit Committee are independent and non-executive directors. The terms of reference, and the role of Audit Committee is to overview the accounting system, financial reporting and internal control system of the Company. The powers and role of the Audit Committee are set out in the Clause 49 of the listing agreement and section 292A of the Companies Act, 1956.

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

The Audit committee consisted of the following members as on March 31, 2012:

S. No	Name of Members	Status	No. of Meetings Attended
1.	Shri O.P. Bagla*	Chairman	2
2.	Shri J.L. Jajoo**	Member	3
3.	Dr. P. Goyal	Member	4
4.	Shri Balmukund Dakhera***	Chairman	1
5.	Vijay Gupta	Member	2

* Resigned as Chairman/member of the Audit Committee w.e.f. 29.07.2011.

** Appointed as Chairman of the Audit Committee w.e.f.30.07.2011 and resigned as Chairman/member of the Audit Committee w.e.f. 31.10.2011

*** Appointed as Chairman of the Audit Committee w.e.f. 01.11.2011.

During the financial year ended March 31, 2012, four meetings of Audit Committee were held on May 18, 2011, July 29, 2011, October 31, 2011 and February 6, 2012.

(b) Quorum: Two independent members

(c) Secretary to the Committee: Mr. R.S. Vijayvargiya, President & Secretary, acts as the Secretary of the Committee.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



B. REMUNERATION COMMITTEE

The present strength of the Remuneration Committee is three. All three are nonexecutive directors as members, viz., Shri Balmukund Dakhera, Dr. P. Goyal & Shri Vijay Gupta. Shri R.S. Vijayvargiya, President & Secretary of the Company also acts as the Secretary to the Committee. Shri Balmukund Dakhera is the Chairman of the Committee.

The terms of reference of Remuneration Committee include deciding 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.

One meeting was held on during the financial year 2011-2012 on 31.10.2011. Dr. P. Goyal, Shri Vijay Gupta and Shri R.S. Vijayvargiya, President & Secretary were present in the meeting.

Details of remuneration paid to Executive Director for the financial year 2011-12.

(Rs. in lacs)

Name	Designation	Salary	Commission/Sitting Fees	Perks & allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	57.60	25.00	17.94	100.54	3 years
Shri J.L. Jajoo	Whole Time Director	5.00	0.68	-	5.68	3 years

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 Fee paid to Non-executive Directors in the financial years 2011-12 is given below:

S. No.	Name of Directors	Sitting fees (in Rs.)
1	Shri J.L. Jajoo	67,500
2	Shri O.P. Bagla	60,000
3	Dr. P. Goyal	1,87,500
4	Shri Vijay Gupta	1,57,500
5	Shri Balmukund Dakhera	22,500

C. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Board has constituted a Shareholders'/Investors' Grievance Committee consisting of three members, chaired by Dr. P. Goyal, an Independent, Non Executive Director. The Committee meets at frequent intervals to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificate, non receipt of declared dividend 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.

COMPOSITION

The constitution of the shareholders'/investors' Grievance committee is as under:

S. No.	Name	Chairman / Member	No. of Meeting Attended
1.	Shri O.P. Bagla*	Chairman, Independent, Non-executive	2
2.	Dr. P. Goyal	Member, Independent, Non-executive	4
3.	Shri Vijay Gupta	Member, Independent, Non-executive	2
4.	Shri R.S. Vijayvargiya	Member, Executive	4

* Resigned as Chairman/member of the shareholders'/investors' Grievance Committee w.e.f. 29.07.2011.

During the financial year ended March 31, 2012, four meetings of shareholders'/investors' Grievance Committee were held on May 18,2011, July 29, 2011, October 31, 2011 and February 6, 2012

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

(b) **Secretary to the Committee:** Mr. R.S. Vijayvargiya, President & Secretary, also acts as the Secretary of the Committee.

4. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Shri R.S. Vijayvargiya

President & Secretary

Khaitan Chemicals & Fertilizers Ltd.

Apollo Arcade, 3rd Floor, 1/2, Old Palasia, Indore-452018.

Tel. No. 0731-2564936-37, Fax No. 0731-2562572

Email- khaitanchemfert@gmail.com

5. DETAILS OF SHAREHOLDERS COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS:

191 Nos. of complaints received, and replied to the satisfaction of the SEBI and shareholders etc. during the year ended March 31, 2012. Outstanding complaints as on March 31, 2012 were Nil. The number of pending share transfers was Nil and pending requests for dematerialization was for CDSL950 shares & NSDL-2120 shares as on March 31, 2012. These have been since approved/dematerialised.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



6. 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
27.	2008-2009	Registered office of the Company	July 31, 2009	1.00 P.M.
28.	2009-2010	Registered office of the Company	July 30, 2010	1.00 P.M.
29.	2010-2011	Registered office of the Company	July 29, 2011	1.00 P.M.

7. DISCLOSURES:

- 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.
- The Board of Directors has adopted the code of conduct for directors and senior management personnel of the Company and the same has been placed on the Company's website www.khaitanchemfert.com
- No penalties or strictures have been imposed on the Company by Stock Exchange or S.E.B.I. or any statutory authority, on any matter related to capital markets, during the last three years.
- 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.

8. 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, Report on Corporate Governance, Audited Financial Statements and other important information. The Management Discussion and Analysis Report forms part of the Annual Report.
- The website of the Company www.khaitanchemfert.com acts as the primary source of information regarding the operations of the Company. Quarterly/yearly financial results and other media releases are being displayed on the Company's website.
- Quarterly and Half yearly results, approved by the Board of Directors and submitted to the Stock Exchanges in terms of the requirement of Clause 41 of the listing agreement and are published in the following news papers, namely, The Economic Times and Free Press (English) and Chautha Sansar (Hindi).

9. CFO Certification:

The President & Secretary has provided annual certificate on financial reporting and internal controls to the Board pursuant to Clause 49 of the Listing Agreement. He has also provided quarterly certificates on financial results while placing the financial results before the Board pursuant to Clause 41 of Listing Agreement.

10. Compliance

The certificate regarding compliance of conditions of Clause 49 of the Listing Agreement from the Auditors' of the Company is annexed hereto.

SHAREHOLDERS INFORMATION

Annual General Meeting:

Date : Friday, 3rd day of August, 2012

Time : 1.00 P.M.

Venue: A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-452569 (M.P.)

Financial Calendar:

- Financial reporting for the quarter ending June 30, 2012 : On or before August 14, 2012
- Financial reporting for the half year ending September 30, 2012 : On or before November 14, 2012
- Financial reporting for the quarter ending December 31, 2012 : On or before February 14, 2013
- Financial reporting for the year ending March 31, 2013 : On or before May 30, 2013

Date of Book Closure:

30, July, 2012 to 3, August, 2012 (both days inclusive) for payment of Dividend.

Listing on Stock Exchanges:

The Shares of the Company is listed on Bombay Stock Exchange Ltd., (BSE).

Stock Code: 507794

Stock Market Data:

The monthly high and low quotations and volume of shares traded on the Stock Exchange, Mumbai (BSE) is as follows :

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Month	High	Low	Volume of Shares Traded
April, 2011	151.00	118.05	100331
May, 2011	146.85	119.00	109842
June, 2011	146.90	120.00	69316
July, 2011	175.00	128.20	147092
August, 2011	170.50	143.00	242425
September, 2011*	169.00	15.75	2590246
October, 2011	19.05	15.90	338625
November, 2011	19.90	13.55	308157
December, 2011	14.85	11.50	94682
January, 2012	16.00	12.02	306206
February, 2012	16.74	12.50	2768364
March, 2012	17.45	13.00	1300897

* Sub-division of equity shares from Rs. 10/- to Rs. 1/- per share.

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	2 days
5.	Change of Address / Bank Mandate	2 days
6.	General Queries	2 days

Distribution of shareholding as on March 31, 2012:

No. of Equity Shares held	No. of shareholders	% of share-holders	No. of shares held	% of shareholding
Upto 1000	29495	94.54	6267822	6.46
1001 to 2000	822	2.63	1350659	1.39
2001 to 3000	241	0.77	656592	0.68
3001 to 4000	94	0.30	343533	0.35
4001 to 5000	171	0.55	833959	0.86
5001 to 10000	172	0.55	1359811	1.47
10001 and above	205	0.66	86176824	88.86
Grand Total	31200	100.00	96989200	100.00

Categories of Shareholders as on March 31, 2012

Category	No. of shares Held	% of Shareholding
Promoters	72736170	74.99
Financial Institutions, Mutual Fund and Banks	11540	0.02
Private Corporate Bodies	4236239	4.37
Non-residents /OCBs	1331345	1.37
Indian Public	18673906	19.25
Total	96989200	100.00

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Dematerialisation of Shares and Liquidity:

Trading in Khaitan Chemicals & Fertilizers Limited shares is permitted only in dematerialised form with effect from 26th 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 31st March, 2012, 9,13,64,980 equity shares of the Company, which amount to 94.20% 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.**

The equity shares of the Company are actively traded on BSE

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

Plant Locations: The Company has the following manufacturing and operating divisions:

Fertilizer & Chemicals Division:

1. A. B. Road, Village Nimrani, Tehsil Kasrawad,
Dist. Khargone - 451 569 (M.P.)
2. Village Goramachia, Jhansi-Kanpur Road,
Jhansi - 248 001 (U.P.)
3. Village Dhinva, Tehsil Nimbahera,
Dist. Chittorgarh - 312 601 (Rajasthan)
4. A-1, UPSIDC Industrial Area, Malwan,
Dist. Fatehpur - 212 664 (U.P.)
5. Village Farhad (Somni)
Dist. Rajnandgaon - 491443 (Chhattisgarh)
Processing facility at Arihant phosphate & Fertilizers Ltd.
6. Village Sagwadia, Tehsil Nimbaheda,
Dist. Chittorgarh - 312601 (Rajasthan)

Soya Division (Khaitan Agro):

Industrial Area, Dosigaon,
Ratlam - 457 001 (M.P.)

Company Registration number with ROC/Ministry of Corporate Affairs:

CIN- L24219MP1982PLC004937.

Investor Correspondence:

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:

Secretarial Department:

Khaitan Chemicals & Fertilizers Ltd.
Apollo Arcade, 3rd Floor, 1/2, Old Palasia, Indore-452018 (M.P.), Tel.: 0731-4237926 Fax: 0731-2562572
Email- khaitanchemfert@gmail.com

Registrar & Share Transfer Agent:

M/s Ankit Consultancy Pvt. Ltd.
60, Electronic Complex, Pardeshipura,
Indore (M.P.) 452010
Tel.: 0731-2551745-46 Fax: 0731-4065798
E-mail-ankit_4321@yahoo.com

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

Khaitan Chemicals & fertilizers Limited

We have examined the compliance of conditions of corporate governance by Khaitan Chemicals & fertilizers Limited, for the year ended March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with stock Exchange.

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, adopted 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 the Management, we certify that the company has complied with conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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 : **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Regn.No. 000756N

Place: New Delhi
Date: 29.05.2012

NAVEEN AGGARWAL
Partner
Membership No. 94380

KHAITAN CHEMICALS & FERTILIZERS LIMITED



AUDITORS' REPORT

To,
The Members,
Khaitan Chemicals & Fertilizers Limited,
New Delhi

1. We have audited the attached balance sheet of **Khaitan Chemicals & Fertilizers Limited** as at 31st March, 2012, the statement of profit and loss and also the cash flow statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. We draw our attention to Note No 18 of the financial statement for the year ended on 31st March 2012 regarding recognition of subsidy income, on SSP manufactured from the carried over quantity of raw materials for fertilizers as on 31-3-2011, which is not in line with Office Memorandum No. 23011/1/2010-MPR dated 11-07-2011 issued by the Ministry of Chemicals & Fertilizers, Govt. of India and also constitutes a departure from the Accounting Standards -12 referred to in sub-section (3C) of section 211 of the Companies Act, 1956. The impact on Revenue from Operations and Profit after tax is unascertainable.
5. Further to our comments in the Annexure referred to in para 3 above and *subject to para 4 above*, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit & loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit & loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, *except* Accounting Standards -12
 - v. On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. Subject to our observation in para (4) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b) in the case of statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

Place: New Delhi
Date: 29th May, 2012

For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Regn.No. 000756N
NAVEEN AGGARWAL
Partner
Membership No. 94380



ANNEXURE TO THE AUDITORS' REPORT

(As referred to in paragraph '3' of our report to the members of Khaitan Chemicals & Fertilizers Limited on the accounts as at & for the year ended 31st March 2012)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) 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.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us, discrepancies noticed on physical verification of inventory as compared to the books records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the Company has granted inter-corporate loans/advances to one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans was Rs. 3006.75 lacs and Rs. Nil lacs respectively.
- (b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.
- (c) The Companies to whom loans have been granted have been regular in the payment of principal and interest wherever stipulated.
- (d) There is no overdue amount outstanding at the end of the year in respect of above loans/advances.
- (e) The Company has taken loan from two Companies during the year covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans was Rs. 600 lacs and Rs.500 lacs respectively.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all the particulars of contracts or arrangements that need to be entered in to the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained in pursuance to section 209 (1) (d) of Companies Act, 1956 in respect of single super phosphate, Sulphuric acid and refined vegetable oil etc. manufactured by the Company and are of the opinion that, prima facie, the prescribed records and accounts have been made and maintained. However, we have not carried out a detailed examination of such records to verify its authenticity and accuracy.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is *generally* regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities though there has been slight delay in few cases.
- (b) Further, According to information & explanations given to us, there were no undisputed amounts outstanding at the year end for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute, are as follows: -

S. No.	Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
1.	M.P. Commercial Tax Act, 1974	Sales Tax/Trade Tax	0.48 Lacs	2001-02	Tribunal Commercial Tax, Bhopal
2.	UP Trade Tax 1948	Sales Tax/Trade Tax	3.28 Lacs (Principal) 15.94 Lacs (Interest)	Before 1996	Joint Commissioner of Trade Tax, Lucknow
3.	M.P. Commercial Tax Act, 1974	Entry tax	0.11 Lacs	1991-92	Tribunal Commercial Tax, Bhopal
4.	Mines and Minerals (Development and Regulation) Act, 1957	Royalty on rock phosphate	118.77 Lacs	2004-05	High Court, Rajasthan
5.	Purchase Tax Act	Purchase Tax	63.38 Lacs	2004-05	High Court of Madhya Pradesh, Jabalpur
6.	Central Excise Act	Penalty	17.78 Lacs	2007-08	Custom Excise and Service Tax Appellate Tribunal
7.	UP Trade Tax 1948	Sales Tax	1.00 Lacs.	2006-07	The Deputy Commission Commercial Tax-Jhansi
8.	M.P. Entry Tax Act 1976	Entry Tax	28.27 lacs	2007-08	MP Commercial Tax Appellate Board, Bhopal
9.	Income Tax Act 1961	Income Tax	8.37 Lacs	2008-09	CIT(Appel), New Delhi

- (x) The company does not have any accumulated losses as at 31st March 2012 and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) Based on our audit procedure and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xii) Based on our examination of documents and records, we are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- (xiv) The company has maintained proper records of transactions & contracts for purchase & sale of securities during the year under review & timely entries were made therein. All the shares, securities and other investments have been held by the Company in its own name.
- (xv) As per the information and explanations given to us and on our examination of records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2012.

For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Regn.No. 000756N

NAVEEN AGGARWAL
Partner
Membership No. 94380

Place: New Delhi
Date: 29th May, 2012

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in lacs)

	Note No.	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds:			
Share Capital	3	969.89	969.89
Reserves and Surplus	4	11,586.74	9,683.07
		<u>12,556.63</u>	<u>10,652.96</u>
Non-current liabilities			
Long-term Borrowings	5	2,384.11	1,607.76
Defereed tax liabilities (Net)	6	1,352.15	1,438.58
Other long term liabilities	7	32.19	29.40
Long-term provisions	8	8.00	5.47
		<u>3,776.45</u>	<u>3,081.21</u>
Current liabilities			
Short-term Borrowings	9	16,478.16	12,386.50
Trade payables	7	10,024.38	3,497.69
other current liabilities	7	2,311.72	2,075.41
Short-term provision	8	414.79	1,318.34
		<u>29,229.05</u>	<u>19,277.94</u>
TOTAL ASSETS			
		<u>45,562.13</u>	<u>33,012.11</u>
Non-current Assets			
Fixed assets			
Tangible assets	10	9,098.50	9,186.73
Capital work-in-progress	11	428.59	124.25
Intangible assets under development	11	41.83	-
Non-current investments	13	9.49	9.49
Long-term loans and advances	14	476.61	444.61
Other Non-current Assets	15	-	-
		<u>10,055.02</u>	<u>9,765.08</u>
Current assets			
Inventories	16	16,847.20	15,258.58
Trade receivables	12	4,529.30	1,091.28
Cash and Bank balances	17	2,118.47	1,568.97
Short-term loans and advances	14	1,058.27	1,308.52
Other current assets	15	10,953.87	4,019.68
		<u>35,507.11</u>	<u>23,247.03</u>
TOTAL			
		<u>45,562.13</u>	<u>33,012.11</u>
Summary of Significant accounting policies	2.1		

The accompanying notes are an integral part of these financial statements.

Per our report of even date attached
for **S.S. Kothari Mehta & Co.**
Chartered Accountants
Firm Regn. No 00756N

For and on behalf of Board

NAVEEN AGGARWAL
Partner
Membership No 94380

SHAILESH KHAITAN
(Chairman & Managing Director)

R.S. VIJAYVARGIYA
(President & Secretary)

J.L. Jajoo
Dr. P. Goyal
Balmukund Dakhara
Vijay Gupta
(Directors)

PLACE: NEW DELHI
DATED : 29th May, 2012

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in lacs)

	Note No.	Year Ending 31.03.2012	Year Ending 31.03.2011
Income			
Revenue from operations (Gross)	18	64,853.54	46,033.42
Less: Excise Duty		416.17	236.88
Revenue from operations (Net)		64,442.37	45,796.54
Other income	19	344.98	229.12
Total Revenue		64,787.35	46,025.66
Expenses:			
Cost of Materials Consumed	20	45,385.57	31,639.83
Purchases of Stock in Trade		-	855.98
(Increase)/Decrease of finished goods, work in progress & Stock in trade	21	839.09	(1815.92)
Employee benefits expense	22	963.29	853.41
Finance costs	23	2,609.26	1,770.23
Depreciation and amortization expense	10	731.62	666.16
Other expenses	24	11,111.57	7,238.22
Total expenses		61,640.40	41,207.91
Profit before exceptional & extraordinary items & tax		3,146.95	4,817.75
Exceptional Items	25	95.06	168.06
Profit before extra-ordinary items & tax		3,051.89	4,649.69
Extra ordinary items		-	-
Profit before tax		3,051.89	4,649.69
Tax expense:			
Current tax		969.61	1,570.40
Deferred tax		(86.43)	(70.54)
Earlier years' tax		(5.49)	7.00
Profit/(loss) for the year		2,174.20	3,142.83
Earnings per equity share par value of Rs. 1/- each. (Refer Note No.- 30).			
Before Exceptional item			
Basic/Diluted		2.31	3.36
After Exceptional item			
Basic/Diluted		2.24	3.24
Summary of Significant accounting policies	2.1		
The accompanying notes form as integral part of financial statement			

Per our report of even date attached
for **S.S. Kothari Mehta & Co.**

Chartered Accountants
Firm Regn. No 00756N

NAVEEN AGGARWAL
Partner
Membership No 94380

PLACE: NEW DELHI
DATED : 29th May, 2012

For and on behalf of Board

SHAILESH KHAITAN
(Chairman & Managing Director)

R.S. VIJAYVARGIYA
(President & Secretary)

J.L. Jajoo
Dr. P. Goyal
Balmukund Dakhera
Vijay Gupta
(Directors)

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(Rs. in lacs)

	Year Ending 31.03.2012	Year Ending 31.03.2011
Cash flow from Operating Activities :	3,051.89	4,649.69
Profit before Tax		
Non cash adjustment to reconcile profit before tax to net cash flow :	731.62	666.16
Depreciation / Amortization	(9.90)	(9.81)
Balances Written Back	4.34	18.24
Loss / (Profit) on sale of Fixed Assets	910.94	64.99
Foreign Exchange Loss (net)	95.64	17.42
Provision for Non Cash Exp. / Sundry Balance Written off	-	1.60
(Net gain) / Loss on sale of Investment	2,609.26	1,770.23
Interest expense	(322.12)	(208.60)
Interest income	7,071.67	6,969.92
Operating profit before working capital changes		
Movements in Working Capital :	6,526.68	783.58
Increase / (Decrease) in trade payables	2.52	5.47
Increase / (Decrease) in long term provisions /liability	(903.54)	1,174.38
Increase / (Decrease) in short term provisions	709.00	(2,512.34)
Increase / (Decrease) in other current liabilities	(3,438.02)	(822.80)
Decrease / (Increase) in Trade receivables	(1,588.64)	(2,890.53)
Decrease / (Increase) in Inventories	2.78	4.53
Increase / (Decrease) in long term liability	250.23	(492.34)
Decrease / (Increase) in short term loans and advances	(7,612.92)	(3,701.58)
Decrease / (Increase) in other current assets / cash and bank	(86.43)	(78.41)
Increase / (Decrease) in deferred tax	933.33	(1,560.12)
Cash generated from / (used in) operations	1,462.30	537.39
Less:Direct taxes paid (net of refunds)	(528.97)	(2,097.51)
Net cash flow from / (used in) operating activities (A)		
Cash flow from Investing activities :	(645.75)	(1,702.53)
Purchase of Fixed assets , including intangible assets , CWIP and capital advances	(314.11)	(65.79)
	(41.83)	-
Intangible Assets under Development	3.96	17.63
Proceeds from sale of Fixed assets	(32.00)	273.61
Proceeds / (Payment) of Long term loans & advances	-	232.91
Proceeds from sale of Non current Investments	302.63	208.60
Interest received	(727.10)	(1,035.58)
Net cash flow from / (used in) Investing activities (B)		
Cash flow from Financing Activities :	2,318.00	1,400.00
Proceeds from long term borrowings	(1,418.34)	(1,176.69)
Repayments of long term borrowings	3,968.35	4,156.05
Proceeds from short term borrowings	(2,585.87)	(1,783.78)
Interest paid	(229.91)	(93.78)
Dividend paid on equity shares	(37.76)	(37.76)
Tax on equity dividend paid	(910.94)	(64.99)
Effect of Foreign Exchange Gain / (Loss)	1,103.53	2,399.05
Net cash flow from / (used in) in financing activities (C)	(152.55)	(734.03)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	259.99	994.02
Cash and cash equivalent at the beginning of the year	107.45	259.99
Cash and cash equivalent at the end of the year		
Components of cash and cash equivalent	8.26	17.45
Cash on hand	-	25.53
Cheques / drafts on hand	58.34	179.02
With Bank - on current account	40.85	37.99
unpaid dividend accounts *	107.45	259.99
Total cash and cash equivalent		

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

Per our report of even date attached

for **S.S. Kothari Mehta & Co.**

Chartered Accountants
Firm Regn. No 00756N

NAVEN AGGARWAL

Partner
Membership No 94380

PLACE: NEW DELHI
DATED : 29th May, 2012

For and on behalf of Board

SHAIKESH KHAITAN
(Chairman & Managing Director)

R.S. VIJAYVARGIYA
(President & Secretary)

J.L. Jajoo
Dr. P. Goyal
Balmukund Dakhera
Vijay Gupta
(Directors)

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

1. Corporate Information

Khaitan Chemicals & Fertilizers Ltd. (the Company) is a public Company domicile in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange Ltd. (BSE). The Company is engaged in the manufacturing and selling of Single Super Phosphate and Sulphuric Acid, 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.

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standard) Rule, 2006 and relevant provisions of the Companies Act, 1956. The financial statements are prepared on Historical cost convention on an accrual basis. The Accounting Policies have been consistently applied by the Company

2.1 Summary of significant accounting policies:

a) Presentation and Disclosure of Financial Statements

During the year ended 31st March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the Current year.

b) Use of Estimates

The preparation of financial statements is 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 on the date of 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

(a) **Safe** - 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.

(b) **Interest** - Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

(c) **Subsidy** - Fertilizer Subsidy, wherever applicable, is accounted for on actual sales and is net off of any subsequent non receipt reversal.

(d) **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

(a) Short term employee benefits obligations are estimated and provided for.

(b) Post employment benefits and other long term benefits:

i. 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.

ii. 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) 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.

h) Tangible Fixed Assets

Fixed assets (including capital work in progress) 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 & convat 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. Depreciation on fixed assets is calculated on straight-line method the rates and manner as prescribed under the Schedule XIV of the Companies Act, 1956.

The Company has treated its Sulphuric Acid Plant, Oil Plant and Turbo Generator as a continuous process plant and the depreciation is charged accordingly.

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

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

Machinery Spares /Standby equipments which are used only in connection with the fixed assets and whose use is expected to be irregular are capitalized.

i) Intangible Assets

Intangible Assets acquired separately are measured on initial recognized at cost. 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.

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.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

j) Impairment of tangible and intangible assets

The carrying amount 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.

k) 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 Soya 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) Cash and Cash Equivalents and Cash Flow Statements

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.

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

s) 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.

t) Segment Reporting

The Company is organized into two primary business segments mainly Fertilizer and Chemicals & Soya, 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 & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

	(Rs. in lacs)	
	As At 31.03.2012	As At 31.03.2011
3. Share capital		
Equity Share Capital		
Authorised		
'22,00,00,000 shares of par value of Re. 1/- each (Previous year 2,20,00,000 shares of par value of Rs.10/- each)	2,200.00	2,200.00
Issued		
'9,71,24,420 shares of par value of Re.1/- each (Previous year 97,12,442 shares of par value of Rs.10/- each)	971.24	971.24
Subscribed And Fully Paid-Up		
'9,69,89,200 shares of par value of Re.1/- each (Previous year 96,98,920 shares of par value of Rs.10/- each)	969.89	969.89

Equity Shares

- a) Reconciliation of the shares outstanding at the beginning and at the end of reporting period. During the year share of Rs. 10/- each has been splitted into Re. 1/- each and therefore No. of shares increased to 9,69,89,200 from 96,98,920.
- b) Terms/rights attached to equity shares:
The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity share is entitled to 1 vote per share. The Company declares and pays dividend in Indian rupee. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
During the year ended 31st March, 2012, the amount of per share dividend recognized as distributions to equity shareholders was Re.0.24 per share (31st March, 2011 Re.0.24 per share (adjusted for sub-division of equity shares).
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.
- c) Details of the Shareholders holding more than 5% shares of the Company

	As At 31.03.2012		As At 31.03.2011	
	No. of shares	% of shares	No. of shares	% of shares
Shradha Projects Ltd.	4,57,63,640	47.18	45,76,364	47.18
The Majestic Packaging Co. Pvt. Ltd.	2,20,49,310	22.73	22,04,931	22.73

4. Reserves and Surplus

	(Rs. in lacs)	
	As At 31.03.2012	As At 31.03.2011
Capital Reserve		
As per last Balance Sheet	1,560.21	1,563.04
Less: Transfer to Surplus Balance in the statement of Profit & Loss	2.04	2.83
	1,558.17	1,560.21
Securities Premium Account	2,152.58	2,152.58
General Reserve		
As per last Balance Sheet	1,938.54	975.35
Add : Transfer from Surplus	1,000.00	1,000.00
Less: Adjustments as per AS-15 (Revised) (Net of Deferred Tax of Rs.Nil Previous Year 7.86 lacs)	-	36.81
	2,938.54	1,938.54
Surplus/(deficit) in the statement of Profit & Loss		
As per last balance sheet	4,031.74	2,156.61
Add: Profit for the year	2,174.20	3,142.83
Add: Transfer from Capital Reserve	2.04	2.83
Less: Appropriations-		
Transfer to general reserve	1,000.00	1,000.00
Proposed dividend	232.77	232.77
Tax on proposed dividend	37.76	37.76
	4,937.45	4,031.74
Total Reserve and Surplus	11,586.74	9,683.07

Note :

The Company has proposed final dividend for the year 2011-12 @ Re.0.24 per equity share of Rs. 1/- each (previous year Rs. 0.24 per equity share (adjusted for sub-division of equity shares).

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

5. Long Term Borrowings

	(Rs. in lacs)			
	Non-Curren		Current Maturities	
	As At		As At	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Term Loans :				
*- From Banks :				
(i) Indian Rupee Loan from Banks (Secured)	1884.11	1107.76	1239.15	635.66
(ii) Foreign Currency Loan from Banks (Secured)	-	-	-	466.22
*- From Other Parties :				
Loans and advances from related parties (Un-Secured) :	500.00	500.00	-	-
Deferred Payment Liabilities (Un-Secured)	-	-	-	65.53
	<u>2,384.11</u>	<u>1,607.76</u>	<u>1,239.15</u>	<u>1,167.41</u>
The above amount includes :				
Secured Borrowings	1,884.11	1,107.76	1,239.15	1,101.88
Unsecured Borrowings	500.00	500.00	-	65.53
Amount disclosed under the head "Other Current Liabilities" Refer Note No.7	-	-	(1,239.15)	(1,167.41)
Net Amount	<u>2,384.11</u>	<u>1,607.76</u>	<u>-</u>	<u>-</u>

- (i) Rupee Term Loan of Rs 344.94 lacs (sanctioned Rs.525 lacs) from Bank (SBI) is primarily secured by way of first charge on entire Current & Future Fixed assets of the company on pari-passu basis with other Term Lenders and collaterally secured by second charge on entire current & future current assets of the Company on pari-passu basis and through first exclusive charge over entire Fixed Assets of Shobhan Enterprises Pvt. Ltd. This loan is guaranteed by Chairman & Managing Director Mr. Shailesh Khaitan and through Corporate Guarantee of Shobhan Enterprises Pvt. Ltd. This loan sanctioned in 2007-08 presently carries interest at the rate BR +4.25% which ranged from 12.50% to 14.25% p.a. during the current year and repayable in 8 Quarterly Installments of Rs 5 Lacs each, 4 Quarterly Installment of Rs 10 lacs each, 4 Quarterly Installment of Rs 25 lacs each and 2 Quarterly Installment of Rs 172.50 lacs each.
- (ii) Rupee Term Loan of Rs 800 lacs (sanctioned Rs.1000 lacs) from Bank (IDBI Bank Ltd.) 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 collaterally secured holders. This loan is irrevocably and unconditionally guaranteed by Chairman & Managing Director, through second charge by way of hypothecation on the entire current assets of the company on pari-passu basis with existing charge Chairman & Managing Director Mr. Shailesh Khaitan. This loan sanctioned in 2010-11 presently carries interest at the rate BR + 3.50%, which ranged from 13.50% to 14.25% p.a. and repayable in 20 Quarterly Installments equal Quarterly Installment of Rs 50 lacs each ending on 1st Jan.'2016.
- (iii) Rupee Term Loan of Rs 1100 lacs (sanctioned Rs.1200 lacs) from Bank (IDBI Bank Ltd.) 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 collaterally secured by through second charge by way of hypothecation on the entire current assets of the company on pari passu basis with existing charge holders. This loan is irrevocably and unconditionally guaranteed by Chairman & Managing Director Mr. Shailesh Khaitan. This loan sanctioned in 2011-12 presently carries interest at the rate BR + 3.50% ,which ranged from 14.25% tot 15.25% P.A. during the current year and repayable in 12 Quarterly Installments of Rs 100 lacs each ending on 1st Oct'15.
- (iv) Rupee Term Loan of Rs 800 lacs (sanctioned Rs.800 lacs) from Bank (Axis Bank Ltd.) is primarily secured by way of first charge on the entire fixed assets to the company, both present and future on pari passu basis with existing charge holders and collaterally secured by through second charge by way of hypothecation on the entire current assets of the company both present and future on pari-passu basis with existing charge holders. This loan is personally guaranteed by Chairman & Managing Director Mr. Shailesh Khaitan. This loan sanctioned in 2011-12 carries interest at the rate BR + 3.50%, being at 13.50% p.a. during the year and repayable in 12 Quarterly Installments of Rs 66.67 lacs each ending on 30th March '15.
- (v) Rupee Term Loan of Rs. 62.82 lacs (sanctioned Rs.115.596 lacs) had been taken from Kotak Mahindra Bank for acquiring Audi Car I-6 & I 8, at the rate of 8.595% P.A. with a tenure of 59 months ending on 1st August '14. This loan was sanctioned in 2009-10 & there is no continuing default as on the balance sheet date in repayment of loan and interest. The Loan is secured by the hypothecation of the car.
- (vi) Rupee Term Loan of Rs.15.50 lacs (sanctioned Rs 18.00 lacs) has been availed from HDFC Bank in 2011-12 for acquiring Skoda Car, at the rate of 11.16% p.a. with a tenure of 60 months ending on 7th May'16. There is no continuing default as on the balance sheet date in repayment of loan and interest. The Loan is secured by the hypothecation of the car.
- (vii) Rs.400 lacs Unsecured Loan & advances has been procured from related party viz. Aarti Marketing Pvt. Ltd. as promoters fund infusion towards Rajnandgaon project @ 12 % P.A. repayable on or after 01.01.2016.
- (viii) Rs.100 lacs Unsecured Loan & advances has been procured from related party viz. Shradha Projects Pvt. Ltd. as promoters fund infusion towards Rajnandgaon project @ 12 % P.A. repayable on or after 01.01.2016.
- 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 31.03.2012	As At 31.03.2011
Gross Deferred Tax Liabilities:		
a) Depreciation /Amortization	1,362.13	1,439.59
b) Others	9.56	13.43
	<u>1,371.69</u>	<u>1,453.02</u>
Gross Deferred tax assets:		
a) Provisions for doubtful debts\Non-moving Items	12.01	6.29
b) Expense allowed on payment basis	7.53	8.15
	<u>19.54</u>	<u>14.44</u>
Net Deferred Tax Liabilities	<u>1,352.15</u>	<u>1,438.58</u>

NOTE :The net increase / (decrease) during the year in the deferred tax liability of Rs. (86.43) lacs, previous year decrease Rs. (70.54) lacs has been debited / (credited) to Statement of Profit & Loss.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

7. Trade Payables & Other Current Liabilities

	Non-Current Liabilities		Current Liabilities	
	As at		As at	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
			Rs. in Lacs	
Trade Payables				
For Goods and Services (including acceptance)	-	-	10,024.38	3,497.69
Total	-	-	10,024.38	3,497.69
Other Current Liabilities				
Current maturities of long term debts (Refer Note No. 5)	-	-	1,239.15	1,167.41
Interest accrued but not due on borrowings	-	-	31.52	24.26
Interest accrued & due on borrowings	-	-	37.26	21.14
Unpaid Dividends	-	-	40.85	37.99
Other Payable:-				
Book overdraft	-	-	184.09	-
Advances from customers	-	-	123.42	337.92
Payable for Capital Expenditure	-	-	9.75	6.20
Payable to Employees	-	-	107.82	144.86
Payable to Service Provider	-	-	240.85	55.11
Security Deposits	32.19	29.40	-	-
Tax deducted at source Payable	-	-	24.33	36.14
Other Statutory dues	-	-	272.68	244.38
	32.19	29.40	2,311.72	2,075.41

NOTE

Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act):

- A. Trade payable includes (i) Rs. 1.97 lacs (previous year Rs. 2.32 lacs) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) and (ii) Rs. 10022.41 lacs (previous year Rs.3495.37 lacs) due to other parties.\
- B. No interest is paid /payable during the year to any enterprise registered under the MSME.
- C. The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of supplies under the MSME.

8. Provisions

	Long term		Short term	
	As at		As at	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
			Rs. in Lacs	
Provision for employee benefits (Refer Note No.27)				
- Provision for Gratuity	3.54	-	-	-
- Provision for Leave Benefits	4.46	5.47	-	-
Other Provisions				
Provision for Taxation	-	-	969.61	1,570.40
Less: Set off against taxes paid	-	-	881.69	522.59
	8.00	5.47	87.92	1,047.81
Provision for proposed dividend on equity shares	-	-	232.77	232.77
Provision for tax on proposed dividend	-	-	37.76	37.76
Provision for derivatives instruments	-	-	56.34	-
	8.00	5.47	414.79	1,318.34

9. Short Term Borrowings

	(Rs. in lacs)	
	As At 31.03.2012	As At 31.03.2011
From Banks:-		
Cash Credits / Working Capital Demand Loans (Secured)	14041.88	12,234.09
Buyer's Credit (Secured)	2436.28	152.41
(Net -off of Rs 2030.00 Lacs against 100% Margin Previous Year Rs.2025.00 Lacs)	16,478.16	12,386.50
The above amount includes :		
Secured Borrowings	16,478.16	12,386.50
Unsecured Borrowings	-	-

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

- Cash Credit/Working Capital Demand Loan & Buyer's Credit from Banks is 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 receivables on pari passu basis among consortium bankers and secured by second charge over the entire fixed assets of the Company on pari-passu basis among consortium bankers. Borrowings are further secured by pledge of 8 lacs shares of the Company with face value of Re 1/- per share held by Chairman and Managing Director Mr. Shailesh Khaitan.
- Buyers' credit from bank is secured against margin money deposit & carries interest rate ranging from 1.66 % to 3.75%.
- All short term Bank Borrowings are personally guaranteed by Mr. Shailesh Khaitan.
- Cash Credit carries interest rate ranging from 11.50% -15.00% during the year. There is no continuing default as on the balance sheet date in repayment of loan and interest.

10 Tangible Assets

	Land		Building	Plant and Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Computer	Total
	Free Hold	Lease Hold							
At Cost									
At 1st April 2010	252.17	412.58	2,836.54	12,303.00	110.58	397.62	93.94	63.33	16,469.76
Additions	112.04	4.54	271.36	1,251.03	34.91	16.16	3.39	9.10	1,702.53
Disposals	(0.07)	-	(0.74)	(37.76)	(7.82)	(67.32)	-	(3.56)	(117.27)
At 31st March 2011	364.14	417.12	3,107.16	13,516.27	137.67	346.46	97.33	68.87	18,055.02
Additions	372.46	-	27.72	185.36	15.04	23.55	3.45	27.92	655.50
Disposals	-	-	-	-	-	(13.37)	-	-	(13.37)
At 31st March 2012	736.60	417.12	3,134.88	13,701.63	152.71	356.64	100.78	96.79	18,697.15
Depreciation									
At 1 April 2010	-	11.60	811.52	7,184.62	79.89	102.48	45.10	44.48	8,279.69
Charge for the year	-	4.19	76.66	541.84	5.11	31.24	4.27	6.69	670.00
Disposals	-	-	(0.55)	(37.03)	(6.99)	(33.37)	-	(3.46)	(81.40)
At 1 April 2011	-	15.79	887.63	7,689.43	78.01	100.35	49.37	47.71	8,868.29
Charge for the year	-	4.19	85.53	595.49	6.62	32.06	4.26	7.29	735.44
Disposals	-	-	-	-	-	(5.08)	-	-	(5.08)
At 31st March 2012	-	19.98	973.16	8,284.92	84.63	127.33	53.63	55.00	9,598.65
Net Block									
At 31st March 2011	364.14	401.33	2,219.53	5,826.84	59.66	246.11	47.96	21.16	9,186.73
At 31st March 2012	736.60	397.14	2,161.72	5,416.71	68.08	229.31	47.15	41.79	9,098.50

NOTES:

- Depreciation has been provided on SLM rates after taking into consideration the revised rates of depreciation vide Circular No.14/93-1/12/92 CL-V dated 20.12.93 issued by Ministry of Law, Justice and Company Affairs, Department of Company Affairs. Further, while applying the new rates of depreciation, the Company has adopted the option of applying the new rates on the original cost of the assets in accordance with the above Circular.
- The Company has treated its Sulphuric Acid Plant, Soya Oil Plant and Turbo Generator as continuous process plant and depreciation charged accordingly.
- Vehicles includes one car purchased for Rs.100.65 lacs for which registration in the name of the Company is still pending.
- Vehicles includes motor cars taken on hire purchase of Rs 22.54 lacs (previous year Rs.Nil).
- Amortization of Leasehold Land includes Rs 3.82 Lacs (Previous year Rs.3.82 lacs), included in capital work in progress as pre-operative expenses in respect of Dahej Project.
- Lease hold Land includes Rs 377.50 Lacs (Previous year Rs 377.50 lacs) in respect of which lease deeds are pending execution.

11 Capital Work in Progress

	Rs. in Lacs				
	As at 01.04.2011	Additions	Deductions & Adjust.	Capitalized	As at 31.03.2012
Buildings -Others	6.21	-	-	6.21	-
Plant and machinery	54.44	216.50	-	3.56	267.38
Pre-Operative expenditure- pending allocation (Refer Note No. 37).	63.60	97.61	-	-	161.21
Total	124.25	314.11	-	9.77	428.59
Previous year	87.31	42.13	-	5.19	124.25
Intangible Assets under development					
Software & ERP Cost	-	41.83	-	-	41.83
Total	-	41.83	-	-	41.83
Previous year	-	-	-	-	-

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

12 Trade Receivables

	Non-Current		Current	
	As at		As at	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
			Rs. in Lacs	
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good (Unsecured)	-	-	50.49	26.67
Doubtful	-	-	29.55	17.94
	-	-	80.04	44.61
Less: Provision for doubtful receivables	-	-	29.55	17.94
	-	-	50.49	26.67
Other receivables (Unsecured considered good)	-	-	4,478.81	1,064.61
	-	-	4,529.30	1,091.28

13 Non-Current Investments

	As at		Rs. in Lacs	
	31.03.2012	31.03.2011	As at	As at
Non-Trade Investments (valued at cost unless stated otherwise)				
Investment in equity instrument (unquoted)				
National Board of Trade Limited (16100 Shares (Previous year 16100) of fully equity share of Rs 10/- each)			0.01	0.01
Captain Vinimay Pvt. Ltd. (94800 shares (Previous year 94800) fully paid equity shares of Rs 10/-each)			9.48	9.48
			9.49	9.49
Aggregate amount of unquoted investment			9.49	9.49

14 Loans and Advances

	Non-Current		Current	
	As at		As at	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
			Rs. in Lacs	
Loans and Advances (Unsecured, considered good, unless otherwise stated)				
Capital Advances	33.42	51.55	-	-
Security Deposits	173.01	109.00	50.71	82.30
Loan & Advances to related party- Shobhan Enterprises Pvt. Ltd.,	-	-	-	621.82
Other Loan & advances:-				
Loan/Advances to Employees	10.21	10.87	23.12	19.76
Advance to Suppliers & Contractors	-	-	395.00	372.17
Vat receivables	146.80	147.40	44.98	48.73
Prepaid Expenses	-	-	38.08	41.92
Taxes/Duties deposited under protest	14.12	8.78	-	-
Balances with Statutory/Govt. Authorities	-	-	62.56	28.70
Deposit with Original maturity for more than 12 months (Refer Note No.-17)	0.69	0.69	-	-
Loan to Body Corporates	98.36	116.32	37.96	51.60
Margin Deposits	-	-	390.00	-
Other Advances recoverable in cash or in kind	-	-	20.68	41.52
Less: Provision for bad & doubtful advances	-	-	4.82	-
	476.61	444.61	1,058.27	1,308.52

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

15 Other Current Assets

	Rs. in Lacs			
	Non-Current		Current	
	As at		As at	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Subsidy receivable	142.87	142.87	10,882.61	3,969.41
Less: Subsidy payable to Bank of India on realisation	142.87	142.87	-	-
	-	-	10882.61	3969.41
Interest receivable	-	-	71.26	50.27
	-	-	10,953.87	4,019.68

16 Inventories

	Rs. in Lacs	
	As at 31.03.2012	As at 31.03.2011
Inventories (valued at lower of cost or net realisable value)		
Raw Material	5,002.98	3,246.86
Raw Material in Transit	2,566.94	2,090.90
Work in Progress(Oil)	13.09	21.26
Finished Goods	7,943.44	8,774.36
Stores and Spares	1,320.75	1,125.20
	16,847.20	15,258.58

17 Cash and Bank Balances

	Non-Current		Current	
	As at		As at	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
I) Cash and Cash Equivalents				
(a) Balances with Banks :				
(i) In Current Account	-	-	58.34	179.01
(ii) In Unpaid Dividend Account	-	-	40.85	37.99
(b) Cheques , drafts on hand	-	-	-	25.53
(c) Cash on Hand	-	-	8.26	17.45
	-	-	107.45	259.98
II) Other Bank Balances				
(i) Margin Money Deposits	-	-	2,011.02	1,308.99
(ii) Deposit with Original maturity for more than 12 months	0.69	0.69	-	-
	0.69	0.69	2,011.02	1,308.99
Amount disclosed under Non - Current Assets (Refer Note-14)	(0.69)	(0.69)	-	-
Total	-	-	2,118.47	1,568.97

Margin Money Deposits with a carrying amount of Rs 2011.02 lacs (Previous year Rs.1308.99 lacs) are subject to first charge to secure the company's Buyers' credit & Bank Guarantees'.

18 Revenue from Operations

	Rs. in Lacs	
	Year ended 31.03.2012	Year ended 31.03.2011
Sales of products		
Finished goods	64,559.77	44,724.71
Traded goods	-	930.86
Other operating revenue	298.77	377.85
Revenue from operations	64,858.54	46,033.42
Less: Excise duty	416.17	236.88
Revenue from operations (net)	64,442.37	45,796.54

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

Details of products sold

Finished goods sold

Single Super Phosphate (includes Subsidy Income of Rs.27844.07 lacs previous year Rs.19785.57 lacs).	46,764.26	32,604.44
Sulphuric Acid	2,189.38	2,304.33
Refined Oil	7,495.00	3,822.15
Soya De-Oiled Cake	7,662.76	5,739.77
Soya Solvent oil	315.12	-
Sale of Power	73.37	59.17
Oleum 23% and 65%	26.49	23.55
Liquid So3	33.39	171.30
	64,559.77	44,724.71

Traded goods sold

Sulphur	-	67.30
Soya seed	-	829.86
Refined oil	-	33.70
	-	930.86

Other Operating Revenue

Revenue from NCDEX (Net)	53.66	246.93
NCDEX Brokerage	6.20	6.06
Sale of By-product & Process waste	132.14	67.93
Scrap Sales	106.77	56.93
	298.77	377.85

Particulars of Income which do not satisfy recognition criteria

The Company has not provided for Moping 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 unreasonable and un justified, which is neither ascertainable nor deducted/withheld by Govt. of India as on date and being protested by the Industry.

19 Other Income

	Year ended 31.03.2012	Rs. in Lacs Year ended 31.03.2011
Interest Income on		
Bank Deposits	155.46	97.72
Electricity Deposits	4.34	3.99
Others	162.32	106.89
	322.12	208.60
Other non-operating income		
Miscellaneous Receipt	12.96	10.71
Balances written back	9.90	9.81
	22.86	20.52
Total	344.98	229.12

20 Cost of Raw Material Consumed

	Year ended 31.03.2012	Rs. in Lacs Year ended 31.03.2011
Opening Stock	3246.85	1902.48
Add: Purchases including related expenses upto the factory site (net of claim)	47,141.70	32,984.20
Less: Closing Stock	5002.98	3246.85
	45385.57	31639.83

Details of Inventories - Raw Material

	As at 31.03.2012	Rs. in Lacs As at 31.03.2011
Rock Phosphate (Indigenous)	1845.20	1,516.12
Rock Phosphate (Imported)	2182.25	601.16
Sulphur (Fert)	591.81	336.34
Sulphur (Non Fert)	279.10	186.20
Sulphuric Acid/Spent Acid	83.31	21.09
Solvent Oil	9.56	89.71
Seed	-	480.43
Others	11.75	15.80
	5,002.98	3,246.85

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

Details of raw material consumed

	Rs. in Lacs	
	Year ended 31.03.2012	Year ended 31.03.2011
Rock Phosphate (Indigenous)	8366.00	12459.86
Rock Phosphate (Imported)	15992.47	3559.25
Sulphur (Fert)	5003.02	2162.52
Sulphur (Non Fert)	1747.22	1368.75
Sulphuric Acid/Spent Acid	2406.97	1889.05
Crude Edible Oil	1330.55	745.59
Oil Seeds	10528.94	9450.65
Others	10.40	4.16
	45,385.57	31,639.83

21 (Increase)/decrease in inventories

	Rs. in Lacs	
	Year ended 31.03.2012	Year ended 31.03.2011
Inventories at the end of the year		
Finished goods	7,943.44	8,774.36
Work in progress	13.09	21.26
	7,956.53	8,795.62
Inventories at the beginning of the year		
Finished goods	8,774.36	6,975.90
Work in progress	21.26	3.80
	8,795.62	6,979.70
	839.09	(1,815.92)

Details of Inventory

	Rs. in Lacs	
	As at 31.03.2012	As at 31.03.2011
Finished Goods		
Single super phosphate	6,932.53	6,556.34
Sulphuric acid	297.26	135.36
Soya solvent oil	16.73	752.72
De-oiled cake	141.19	665.08
Soya refined oil	538.33	652.00
Others	17.40	12.86
	7,943.44	8,774.36
Work in progress		
Oil	13.09	21.26
	13.09	21.26

22 Employee Benefit Expenses

	Rs. in Lacs	
	Year ended 31.03.2012	Year ended 31.03.2011
Salaries, wages and bonus	848.77	760.73
Contribution to provident and other funds (Refer Note No.27)	78.74	64.93
Staff Welfare	35.78	27.75
	963.29	853.41

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

23 Finance Costs

	Year ended 31.03.2012	Rs. in Lacs Year ended 31.03.2011
Interest	2,276.40	1,481.48
Other Borrowing Costs	332.86	288.75
	2,609.26	1,770.23

24 Other Expenses

	Year ended 31.03.2012	Rs. in Lacs Year ended 31.03.2011
Consumption of stores & spare parts	2,219.33	1,406.89
Packing Material consumed	1,400.02	1,065.27
Power & Fuel	885.06	687.43
Communication Expenses	39.33	29.94
Rent	40.24	40.58
Insurance	35.80	33.73
Legal & Professional charges	35.33	29.54
Rates & Taxes	33.13	32.12
Repair & Maintenance:		
Plant & Machinery	181.15	133.52
Building	11.60	8.68
Others	77.61	44.56
Travelling & Conveyance	135.89	114.12
Charity & Donation	2.62	1.31
Payment to Auditors	10.84	11.53
Excise Duty On Variation of Finished Goods	33.90	32.82
Other Manufacturing Expenses	877.05	653.74
Bad Debts Written Off	-	2.42
Provision for Doubtful Debts & Advance	88.14	15.00
Loss on Sale of Fixed Assets / Assets written off (Net)	4.34	18.24
Loss on Sale of Investments (Net)	-	1.60
Freight Outward	3,633.94	2,403.13
Loading & Unloading	34.15	13.04
Other selling expenses	158.70	109.17
Foreign Exchange Fluctuation (including MTM loss)	910.94	64.99
Bank Charges	10.61	8.38
Miscellaneous Expenses	251.85	276.47
	11,111.57	7,238.22

Payment to Auditor (including service tax)

	Year ended 31.03.2012	Rs. in Lacs Year ended 31.03.2011
As auditor:		
Audit Fees	4.96	4.96
Limited Review	0.91	0.91
In other capacity:		
Other services (certification fees)	3.52	3.65
Reimbursement of Expenses	1.45	2.01
	10.84	11.53

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

25 Exceptional Items

	Year ended 31.03.2012	Rs. in Lacs Year ended 31.03.2011
	Taxes & Duties	-
Lease Rent	-	25.65
Workmen Compensation	95.06	-
	<u>95.06</u>	<u>168.06</u>

26 Prior-period items as per AS-5 -Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies:

Particulars	Rs. in Lacs	
	31.03.12	31.03.11
Expen		
a) Sales Tax/Entry Tax/Excise Duty/Service Tax	-	8.28
b) Wages	-	12.86
c) Others (Net)	-	1.37
(d) Storage Charges	2.44	-
Total	<u>2.44</u>	<u>22.51</u>

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

S No	Particulars	Rs. in Lacs			
		Gratuity (Funded)		Leave Encashment (Funded)	
		2011-12	2010-11	2011-12	2010-11
I	Change in Defined Benefit Obligation				
	Opening defined benefit obligation	144.14	119.20	39.56	30.09
	Interest Cost	12.61	10.10	3.46	2.55
	Current Service Cost	13.02	10.70	5.01	3.76
	Benefits paid (if any)	(4.15)	(8.36)	-	-
	Actuarial (gain)/Loss on obligation	1.68	12.48	(0.44)	3.16
	Closing defined benefit obligation	167.30	144.14	47.59	39.56
II	Change in Fair Value of Plan Asset				
	Opening fair value of plan assets	145.30	104.14	34.09	21.48
	Expected return on plan assets	13.49	10.26	3.41	2.42
	Contributions	9.13	39.25	5.63	10.19
	Benefits paid (if any)	(4.15)	(8.36)	-	-
	Actuarial (gain)/loss on Plan assets	(0.01)	-	-	-
	Closing fair value of plan assets	163.76	145.30	43.13	34.09
III	Actual Return on Plan Assets				
	Expected return on plan assets	13.49	10.26	3.41	2.42
	Actuarial (gain)/loss on Plan assets	-	-	-	-
	Actual Return on Plan Assets	13.49	10.26	3.41	2.42
IV	Amount recognized in the Balance Sheet				
	Closing defined benefit obligation	167.30	144.14	47.59	39.56
	Closing fair value of plan assets	163.76	145.30	43.13	34.09
	Net(Asset)/Liability recognized in the Balance Sheet	3.54	(1.16)	4.46	5.47
V	Expenses recognized in the Profit and Loss Account				
	Interest Cost	12.61	10.10	3.46	2.55
	Current Service Cost	13.02	10.70	5.01	3.76
	Expected return on plan assets	(13.49)	(10.26)	(3.41)	(2.42)
	Actuarial (gain)/Loss	1.68	12.48	(0.44)	3.16
	Expenses recognized in Personnel Cost	13.83	23.03	4.62	7.05
VI	Balance Sheet Reconciliation				
	Opening net Liability	(1.16)	15.06	5.47	8.61
	Expenses (as above)	13.83	23.03	4.62	7.05
	Employer's contribution	9.13	39.25	0.63	10.19
	Amount recognized in the Balance Sheet	3.54	(1.16)	4.46	5.47
VII	Actuarial Assumption used for the year				
	Discount Rate	8.75%	8.50%	8.75%	8.50%
	Rate of Return on Plan Assets	8.73%	8.23%	8.84%	8.73%
	Expected Salary Growth Rate	5.00%	5.00%	5.00%	5.00%
	Attrition Rate	2.00%	2.00%	2.00%	2.00%

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

Other Assumptions:

- a) Future salary increases considered in actuarial valuation take in to account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market
- b) Expected Return on Plan assets is based on market expectations, at the beginning of the year, for returns over the entire life of the related Obligations.
- c) Gratuity is payable to all employees at the rate of 15 days salary for each completed years of service. In respect of employees covered by the Payment of Gratuity Act, 1965. the same is subject to a maximum of Rs 10 lacs.
- ii) Defined Contribution Plans -charge to the Profit and Loss Account based on contribution.

(Rs. in lacs)

S.No.	Particulars	2011-12	2010-11
i)	Superannuation	9.72	5.67
ii)	Provident Fund	27.92	21.81
		37.64	27.48

28. Segment Information for the year ended 31st March, 2012 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
 - iii.) Others
- (b) Segments have been identified and reported taking in to account the nature of products and services, the differing risk and returns, and the internal reporting system

Particulars	2011-2012				2010-2011			
	Fertilizers and Chemicals	Soya	Others	Total	Fertilizers and Chemicals	Soya	Others	Total
Revenue (net)								
External Sales/ Revenue Results	49045.75	15668.23	73.37	64787.35	35218.45	10748.04	59.17	46025.66
Segment Results	5071.90	650.19	34.13	5756.22	6444.12	14.12	14.19	6472.43
Unallocated Corporate Expenses (Net)				-				-
Operating Profits				5756.21				6472.43
Interest Expenses(Net)				2609.26				1635.00
Profit before Exceptional Items and Taxation				3146.94				4837.43
Exceptional items				95.06				187.74
Tax Expenses				877.69				1506.86
Profit After Tax				2174.20				3142.83
Other Information								
Segment assets	39100.60	5769.41	435.38	45305.39	25579.76	6705.79	467.89	32753.44
Unallocated corporate assets				256.75				258.67
Total Assets				45562.13				33012.11
Segment liabilities	32451.26	451.86	-	32903.12	18885.29	2150.04	-	21035.33
Unallocated corporate liabilities				102.37				1323.82
Total Liabilities				33005.50				22359.15
Capital Expenditure	962.20	1.76	-	963.96	1743.41	0.65	-	1744.06
Unallocated Corporate Capital Expenditure				37.70				33.26
Total Capital Expenditure				1001.67				1777.32
Depreciation / Amortization	448.48	219.30	32.51	700.29	354.09	255.49	32.51	642.09
Unallocated Corporate Depreciation				31.34				27.89
Total Depreciation /Amortization				731.62				669.98
Non cash Expenditure other than Depreciation/ Amortization	90.95	(0.74)		90.21	25.79	(4.78)	-	21.01
Unallocated Corporate Non Cash Expenses other than Depreciation / Amortization				-				-
Total non cash expenditure other than Depreciation/ Amortization				90.21				21.01

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

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

Relationship:

- (a) **Related Party where control exists :**
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 J.L. Jajoo | Whole Time Director |
| (iv) Shri R.S. Vijayvargiya | President & Secretary |
- (c) **Related party which is under significant influence of KMP and / or their Relatives**
- (i) The Majestic Packaging Company Private Limited
- (ii) Tribhuvan Properties Limited
- (iii) Aarti Marketing Private Limited
- (iv) Shobhan Enterprises Private Limited

During the year following transactions were entered into with Related Parties

Name of Related Party	Nature of Transaction	Rs. in Lacs	
		31.03.2012	31.03.2011
Shobhan Enterprises Pvt Ltd.	Loan given	8157.09	7538.55
	Loan recovered	8778.91	6916.74
	Purchases	1264.38	578.45
	Sales	1457.41	829.86
	Processing charges paid	-	94.96
	Interest on loan received	134.62	80.85
	Brokerage received	0.92	1.23
	Corporate guarantee outstanding	349.12	444.94
	Loan Receivable Outstanding	-	621.82
	Debtors Outstanding	951.74	-
Shradha Projects Ltd.	Loan Taken	100.00	100.00
	Loan Repaid	100.00	-
	Rent paid	23.45	23.45
	Purchase of Land and Building	-	15.11
	Interest paid	19.79	5.47
	Sale of Investments	-	84.00
	Dividend Paid	109.83	54.92
	Loan Payable outstanding	100.00	100.00
Shri Shailesh Khaitan	Remuneration	100.54	106.57
	Dividend Paid	8.59	4.30
	Balance outstanding (cr.)	2.69	54.80
Smt. Swapana Khaitan	Dividend Paid	3.19	1.60
Shri J.L. Jajoo	Remuneration & Fees	5.68	0.70
Shri R.S. Vijayvargiya	Salary	26.40	16.62
The Majestic Packaging Company Private Limited	Dividend Paid	52.92	26.46
	Sale of Investments	-	14.40
Tribhuvan Properties Limited	Rent Paid	33.09	33.09
Aarti Marketing Private Limited	Brokerage Received	0.36	0.26
	Sale of Investments	-	144.00
	Loan Accepted	-	400.00
	Interest Paid	48.13	28.13
	Loan payable outstanding	400.00	400.00

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2012

30 Disclosure as per Accounting Standard - 20 on 'Earnings Per Share'

	Rs. in Lacs	
Particulars	31.03.12	31.03.11
Net Profit (Loss) after exceptional items	2,174.20	3,142.83
Add: Exceptional Items (net of tax)	64.22	113.17
Net Profit (Loss) before exceptional items	2,238.42	3,256.00
Number of equity shares outstanding (Nos.)*	96,989,200	96,989,200
Earning per share on profit after exceptional items (Basic/Diluted)	2.24	3.24
Earning per share on profit before exceptional items (Basic/Diluted)	2.31	3.36
Face value per share	1	1

* During the year, the company has sub-divided its equity shares from Rs 10/- to Rs 1/- per share, accordingly No. of equity shares outstanding and EPS of last year has been restated as per AS-20.

31 Derivative instruments and unhedged foreign currency exposure

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

Particulars	31.03.2012		31.03.2011	
	Amount in Foreign currency	Amount in Rs. Lacs	Amount in Foreign currency	Amount in Rs. Lacs
(a) Amount payable on account of Import of goods and services				
(i) USD/INR	USD 21936305.74	11221.85	USD 7468475	3334.67
(ii) AED/ INR	-	-	AED 1495736	182.18
(b) Amount payable on account of term loan	-	-	USD 1044173.89	466.22

(b) Derivatives outstanding as at the balance sheet date

Particulars	31.03.2012		31.03.2011	
	Amount in Foreign currency	Amount in Rs. Lacs	Amount in Foreign currency	Amount in Rs. Lacs
Forward Exchange Contracts outstanding				
USD/INR (Purchase)	-	-	USD 1100000	491.15
Cross Currency Interest Rate Swap (CCIRS)				
Notional amount 800 lacs	USD 16739990.37	856.35	-	-

32 Contingent Liabilities not provided for :

	Rs. in Lacs	
a Sales Tax Demand (under appeal)	0.48	0.48
b Purchase Tax (under appeal)	63.38	63.38
c Royalty on Rock Phosphate claimed by RSMM	158.36	158.36
d Entry Tax	28.38	40.03
e Sales Trade Tax	1.00	1.49
f Excise Duty	17.79	17.79
g Income-Tax	7.58	43.49
h Madhya Pradesh Industrial Relation Act	-	61.74



Notes to financial statements for the year ended 31st March, 2012

33. Estimated amount of Capital Commitments (net of advances) not provided for 1031.34 1022.36

34 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.

35 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.

36 Other Current Assets include claims filed under Rajasthan Investment Promotion Scheme (RIPS), 2003 of Rs. 6.27 Lacs (Previous year: Rs.21.82 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).

37 Detail of Pre- Operative Expenditure - pending allocation

Particulars	31.03.2012	31.03.2011
Opening Balance	63.60	38.18
Addition during the year		
a) Legal and professional expense	-	0.43
b) Borrowing Cost-Interest	4.31	21.15
c) Other Borrowing Cost- Processing Charges	22.50	-
d) Security Services	-	5.30
e) Power charges	-	10.12
f) Salary and Wages	-	4.21
g) Water Connection Charges	65.15	-
d) Others (Net)	5.65	14.74
Allocated to Fixed Assets	-	(30.53)
Total	161.21	63.60

38 (a) Imported and Indigenous raw material, Components, Stores & Spares parts consumed

S.No.	Particulars	2011-12		2010-11	
		% of total Consumption	Value Rs. in Lacs	% of total Consumption	Value Rs. in Lacs
i	Raw materials :				
	Imported	42.56	19315.73	45.5	14397.82
	Indigenous	57.44	26069.85	54.5	17242.02
	Total	100.00	45385.58	100	31639.84
ii	Components, Stores & Spares parts				
	Imported	-	-	-	-
	Indigenous	100.00	3619.35	100	2499.44
	Total	100.00	3619.35	100	2499.44

KHAITAN CHEMICALS & FERTILIZERS LIMITED



(b) value of Imports calculated on CIF basis: Rs. in Lacs

S.No.	Particulars	2011-12	2010-11
	Raw Material (including Rs 625.07 Previous year		
	Rs 1386.98. lacs purchased on high sea sales	17,639.46	10,754.59
i	basis)		
ii	Components and Spare parts	-	-
iii	Capital goods	9.65	32.98

(c) Expenditure in Foreign Currency: Rs. in Lacs

S. No.	Particulars	31.03.2012	31.03.2011
i	Fees & Subscription	4.95	1.33
ii	Interest on Foreign currency loan	58.33	80.05
		<u>63.28</u>	<u>81.38</u>

(d) Earnings in Foreign Exchange: Rs. in Lacs

Particulars	31.03.2012	31.03.2011
Export of goods calculated on FOB basis	-	85.34
	<u>-</u>	<u>85.34</u>

Previous year figures

Till the year ended 31st March 2011, the company was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The Company has reclassified previous year figures to conform to this year's classification.

The financial statements are presented Rs. in lacs except EPS and the share data.

Per our report of even date attached
for **S.S. Kothari Mehta & Co.**
Chartered Accountants
Firm Regn. No 00756N

For and on behalf of Board

NAVEEN AGGARWAL
Partner
Membership No 94380

SHAILESH KHAITAN
(Chairman & Managing Director)

R.S. VIJAYVARGIYA
(President & Secretary)

J.L. Jajoo
Dr. P. Goyal
Balmukund Dakhera
Vijay Gupta
(Directors)

PLACE: NEW DELHI
DATED : 29th May, 2012

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone-451569 (M.P.)

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full Name of the member attending

Full name of the first joint holder

(To be filled in if first name joint-holder does not attend the meeting)

Name of Proxy

(To be filled in if Proxy form has been duly deposited with the Company)

I/we, hereby record my presence at the 30th Annual General Meeting of the Company held at the Registered of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.) on Friday, 3rd day of August, 2012 at 1.00 P.M.

Folio No. or DP Id/Client Id No. :

No. of Shares held :

Member's / Proxy's Signature
(To be signed at the time of handing over this slip)

Note: Members are requested to bring their copies of the Annual Report to the Meeting.



KHAITAN CHEMICALS & FERTILIZERS LIMITED

Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone-451569 (M.P.)

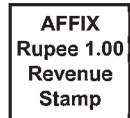
PROXI FORM

I/We of in the district of being a member/members of KHAITAN CHEMICALS & FERTILIZERS LIMITED, hereby appoint of in the district of or failing him, of in the district of as my/our proxy to vote for me / us on my / our behalf at the 30th Annual General Meeting of the Company to be held on Friday, 3rd day of August, 2012 at 1.00 P.M. at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.) and any adjournment thereof.

Signed this day of 2012.

Folio No. or DP Id/Client Id No. :

No. of Shares held :



NOTES:

1. The Proxy Form must be lodged at the Registered Office of the Company, not less than 48 Hours before the commencement of the Meeting.
2. The Proxy should be signed according to the Specimen Signature(s) of the Member(s) recorded with the Company.

* Strike out whichever is not applicable

FOR OFFICE USE ONLY:

PROXY NO.:

DATE OF RECEIPT:

BOOK-POST

To,

