



Khaitan CHEMICALS & FERTILIZERS LTD.

CIN : L24219MP1982PLC004937

Apollo Arcade, 3rd Floor, 1/2, Old Palasia, INDORE - 452 018 (M.P.) Phone : 4753666
Fax : 0731-2562572, E-mail : khaitanchemfert@gmail.com Website : www.khaitanchemfert.com



QMS-FM-76004
EMS 502498
OHS 502499

KCFL/2016/525

August 30, 2016

The Stock Exchange Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI-400 001
022:22722037/39/41/61
022: 22723121/3719
corp.relations@bseindia.com

Sub: Annual Report for the year 2015-2016.

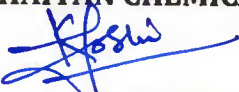
Dear Sir/Madam,

In terms of Regulation 34 (1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith Annual Report for the year 2015-2016 duly approved and adopted in the 34th Annual General Meeting of the Company held on 11.08.2016 (extract is attached for your reference).

This is for your information and record.

Thanking You,

Yours faithfully,
for **KHAITAN CHEMICALS & FERTILIZERS LIMITED**


(CS KAMLESH JOSHI)
COMPANY SECRETARY & GENERAL MANAGER

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

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



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EXTRACT OF MINUTES OF THE PROCEEDINGS OF THE 34TH ANNUAL GENERAL MEETING OF THE MEMBERS OF KHAITAN CHEMICALS & FERTILIZERS LIMITED HELD AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT A.B. ROAD, VILLAGE NIMRANI, TEHSIL KASRAWAD, DISTRICT KHARGONE (M.P.)- 451 569 ON THURSDAY, THE 11TH DAY OF AUGUST, 2016 AT 1:00 P.M.

1. ADOPTION OF ANNUAL ACCOUNTS, AUDITORS' REPORT & DIRECTORS' REPORT.

The following resolution was placed by the Chairman as an **Ordinary Resolution**.

"RESOLVED THAT the audited financial statements of the Company for the year ended 31st March, 2016, including the Audited Balance Sheet as at 31st March, 2016, the statement of profit and loss for the year ended on that date the cash flow statement for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon, be and are hereby received and adopted."

Category	Mode of Voting	No. of Shares held (1)	No. of Votes Polled (2)	% of Votes Polled on outstanding Shares (3) = [(2)/(1)] *100	No. of Votes in favour (4)	No. of Votes against (5)	% of votes in favour on Votes Polled (6) = [(4)/(2)] *100	% of Votes against on Votes Polled (7) = [(5)/(2)] *100
Promoter and Promoter Group	E-voting	72736169	72736169	100.00	72736169	0	100.00	0.00
	Poll		0	0.00	0	0	0.00	0.00
	Postal Ballot		0	0.00	0	0	0.00	0.00
	Total		72736169	100.00	72736169	0	100.00	0.00
Public Institutional Holders	E-voting	6950	0	0.00	0	0	0.00	0.00
	Poll		0	0.00	0	0	0.00	0.00
	Postal Ballot		0	0.00	0	0	0.00	0.00
	Total		0	0.00	0	0	0.00	0.00
Public-Others	E-voting	24246081	43832	0.18	43832	0	100.00	0.00
	Poll		162770	0.67	162770	0	100.00	0.00
	Postal Ballot		0	0.00	0	0	0.00	0.00
	Total		206602	0.85	206602	0	100.00	0.00
Total		96989200	72942771	75.21	72942771	0	100%	0.00

RESULT: The ordinary resolution was passed as the requisite majority of votes were cast / polled in favour of the resolution.

Certified True Copy

for KHAITAN CHEMICALS & FERTILIZERS LIMITED

**(CS KAMLESH JOSHI)
COMPANY SECRETARY & GENERAL MANAGER**

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

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

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



34th Annual Report 2015-2016

KHAITAN CHEMICALS & FERTILIZERS LIMITED



ANNUAL GENERAL MEETING:	BOARD OF DIRECTORS:
Date : 11 th August, 2016 Day : Thursday Time : 1.00 P.M. Place : Registered Office	Shri Shailesh Khaitan : Chairman & Managing Director Shri Jagdish Lal Jajoo : Whole Time Director Shri Utsav Khaitan : Whole Time Director Dr. Prakash Goyal : Director (resigned w.e.f. 05.08.2015) Shri Vijay Gupta : Director Shri Balmukund Dakhera : Director Ms. Veena Chadha : Director
REGISTERED OFFICE:	KEY MANAGERIAL PERSONNEL:
A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451569 (M.P.)	Shri Shailesh Khaitan : Chairman & Managing Director Shri R. S. Vijayvargiya : President & CFO (retd.w.e.f. 05.08.2015) Shri H. V. Agnihotri : President & CFO (appointed w.e.f. 05.08.2015) Shri Kamlesh Joshi : Company Secretary & General Manager
SECRETARIAL AUDITORS	STATUTORY AUDITORS:
M/s. Ritesh Gupta & Co., Company Secretaries, 56-Anil Nagar, MR-9 Road, Indore - 452008	M/s. S. S. Kothari Mehta & Co. Chartered Accountants, 146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065
INTERNAL AUDITORS	KOLKATA OFFICE:
M/s. APAS & Co., Chartered Accountants, 8/14, Basement, Kalkaji Extension, New Delhi - 110019	46-C, Rafi Ahmed Kidwai Road, 3 rd Floor, Kolkata-700 016
INDORE OFFICE:	SOLICITORS:
301-308, Apollo Arcade, 1/2, Old Palasia, Indore - 452018 (M.P.)	M/s. Khaitan & Partners, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001
GURGAON OFFICE:	BANKERS:
K-9/4, Road 9, DLF City-II, Gurgaon - 122002 (Haryana)	<ul style="list-style-type: none"> ● State Bank of India ● Corporation Bank ● Axis Bank Ltd. ● IDBI Bank Ltd. ● HDFC Bank Ltd.,
WORKS :	CONTENTS:
Fertilizers & Chemical Division:	Notice : 01-04 Directors' Report : 05-08 Management Discussion & Analysis Report : 09-10 Report on Corporate Governance : 11-26 Auditor's Report : 27-29 Balance Sheet : 30 Statement of Profit & Loss : 31 Cash Flow Statement : 32 Notes to Financial Statements : 33-48
1). A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451569 (M.P.)	Listing of Shares:
2). Village Goramachia, Kanpur Road, Jhansi - 248001 (U.P.)	The Bombay Stock Exchange Ltd. (B.S.E.) Stock Code: 507794 ISIN No.: INE745B01028 (NSDL & CDSL)
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)	
6). 42/7, GIDC Industrial Estate, Dahej, Vagra Dist. Bharuch-392130 (Gujarat)	
Soya Division:	
7). Dosigaon Industrial Area, Ratlam - 457001 (M.P.)	

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

KHAITAN CHEMICALS & FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

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

e-mail: khaitanchemfert@gmail.com, Website: www.khaitanchemfert.com

Phone: 0731-4237926, 4753666, Fax: 0731-2562572

NOTICE is hereby given that the **THIRTY FOURTH 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 Thursday, 11th day of August, 2016 at 1:00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016, including the Audited Balance Sheet as on 31st March, 2016, the statement of profit and loss for the year ended on that date, the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare final dividend on the equity shares of the Company for the year ended 31st March, 2016.
3. To appoint a director in place of Shri Jagdish Lal Jajoo (DIN: 02758763), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. S.S. Kothari Mehta & Co., Chartered Accountants (Firm Registration No. 000756N) be and is hereby appointed as an Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. **To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2017.**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any

statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 95000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2017 as approved by the Board of Directors of the Company, to be paid to **M/s. M.P. Turakhia & Associates, Cost Accountants**, for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (**for Fertilizers**), units at Nimrani, Jhansi, Malwan and Rajnandgaon (**for Sulphuric Acid**) and Ratlam (**for Soya Products**) be and is hereby ratified and confirmed."

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

6. **Revision in terms of appointment of Shri Utsav Khaitan, as a Director liable to retire by rotation and also as a Whole Time Director**

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

"RESOLVED THAT pursuant to the provisions of Section 188, 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") read with Schedule V of the said Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), subject to the provisions of Articles of Association of the Company and reviewed by Nomination and Remuneration Committee, the consent of the members of the Company be and is hereby accorded to revise the remuneration of Shri Utsav Khaitan (DIN: 03021454), Whole time Director of the Company on such terms and conditions as specified in the statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice convening this Annual General Meeting".

By Order of the Board

S/d

(KAMLESH JOSHI)

Company Secretary &
General Manager

Place: Gurgaon

Date: 27.05.2016

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 TO THE MEETING. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder. A Proxy Form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
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.

3. Member(s)/Proxies are requested to bring the attendance slip annexed herewith, duly filled in, for attending the meeting.
4. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 04.08.2016 to 11.08.2016, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



6. Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
7. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
8. 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.
9. 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.
10. Shareholders who are still holding physical share certificate are advised to dematerialize their shareholding to avail benefit of dematerialization.
11. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2007-08 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of Companies Act, 2013.
12. Members are advised to claim their unpaid dividend for the year 2008-09 to 2014-15 if any, the Company is having unpaid dividend of Rs. 32.31 lacs for the year 2008-09 to 2014-15. Attention of the members of the Company are drawn towards the provisions of section 124(6) which provides that all the shares in respect of which unpaid or unclaimed dividend has been transferred u/s 124(5) shall also be transferred by the company in the name of IEPF. Therefore in the interest of the members it is advised to take appropriate action to encase the unpaid dividend and update their bank particulars through the respective DPs.
13. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
14. Details required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
15. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
17. Electronic copy of the Annual Report for the FY 2015-16 is being sent to all the members whose email ID's are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2015-16 is being sent in the permitted mode.
18. The register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting of the Company.
19. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.
20. Electronic copy of the Notice of the 34th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email ID's are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 34th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
21. Members may also note that the Notice of the 34th Annual General Meeting and the Annual Report for the FY 2015-16 will also be available on the Company's website www.khaitanchemfert.com for the purpose of downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: khaitanchemfert@gmail.com.
22. **Voting through electronic means**
 - i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company is pleased to provide members facility to exercise their right to vote at the 34th Annual General Meeting (AGM) by electronic means / remote e-voting and the business may be transacted through e-Voting Services provided by NSDL.
The instructions for e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
 - (i) Open email and open PDF file viz: "KCFL.PDF" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <http://www.evoting.nsdl.com>.
 - (iii) click on Shareholder – Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select EVEN of "Khaitan Chemicals & Fertilizers Ltd." (COMPANY NAME).
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to csriteshguptakcf@gmail.com with a copy marked to khaitanchemfert@gmail.com

KHAITAN CHEMICALS & FERTILIZERS LIMITED



- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:
- Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
EVEN (E-Voting Event Number) PASSWORD/PIN USER ID
 - Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of <http://www.evoting.nsdl.com>
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on Saturday, 6th day of August, 2016 (9.00 am) and ends on Wednesday, 10th day of August, 2016 (5.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, 4th day of August, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. Members holding shares in physical or in Demat form as on Thursday, 4th day of August, 2016, shall only be eligible for e-voting.
- VII. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- VIII. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 4th August, 2016.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 4th August, 2016, may obtain the login ID and password by sending a request at ankit_4321@yahoo.com or khaitanchemfert@gmail.com or evoting@nsdl.co.in.
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- XI. CS Ritesh Gupta, Company Secretary whole time in Practice (ICS1 Membership No. 5200 CP No. 3764) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XII. The Scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, therefore unblock the votes cast through e-voting in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- XIII. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website at www.khaitanchemfert.com within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited

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

Item No. 5

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

On the recommendation of the Audit Committee at its meeting held on May 27, 2016, the Board has considered and approved appointment of **M/s. M.P. Turakhia & Associates, Cost Accountants** for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (**for Fertilizer**), units at Nimrani, Jhansi, Malwan and Rajnandgaon (**for Sulphuric Acid**) and Ratlam (**for Soya Products**) at a remuneration of Rs. 95000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2017.

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

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

Item No. 6

Shri Utsav Khaitan was appointed as a Whole Time Director in the 32nd Annual General Meeting of the Company w.e.f. 20.05.2014 for a period of five years.

The Board of Directors of the Company at its meeting held on the 14th day of November, 2015 upon the approval of the Nomination and Remuneration Committee of the Board at their meeting held on 14.11.2015, has therefore revised the terms of appointment of Shri Utsav Khaitan, as a Whole Time Director of the Company pursuant to the provisions of Section 188, 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule V of the Companies Act, 2013

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

Remuneration, benefits and perquisites:

i. **Salary:** Rs. 2,00,000/- (Rupees Two Lacs) per month, with an annual increment of Rs. 20,000/- per month. Salary will be subject to the deduction of Income tax at the applicable rates, under the Income Tax Act, 1961.

ii. Perquisites:

a) Housing:

The Company shall provide accommodation for the Whole Time Director at place other than New Delhi, 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:

He 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

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Rs. 20000/- towards personal accident insurance policy of Shri Utsav Khaitan.

f) Car & Telephone:

Free use of the 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.

g) Limits on Remuneration:

The remuneration as specified in clauses above shall be subject to the overall limits as specified under Sections 196, 197 and other applicable provisions read with Schedule V of the Companies Act, 2013.

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 Utsav Khaitan shall be in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, as amended from time to time.

iv) Sitting Fees:

He shall not be paid sitting fees for attending the meetings of the

Board of Directors of the Company and committees thereof.

He is liable to retire by rotation during his tenure as Whole Time Director.

Shri Utsav Khaitan is son of Shri Shailesh Khaitan, Chairman and Managing Director of the Company. Hence, he is covered under the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder.

There shall be relations with Shri Utsav Khaitan and the Company as an employer and employee for all the purposes.

Except Shri Utsav Khaitan, being an appointee and Shri Shailesh Khaitan, Chairman and Managing Director, being his relative none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Shri Utsav Khaitan is holding 13439 Equity shares consisting 0.01% of the paid up capital of the Company.

The resolution for seeks approval of members as an **Ordinary Resolution** for revision in the terms of remuneration of Shri Utsav Khaitan as a Whole Time Director of the Company.

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

Name of Director	Shri Jagdish Lal Jajoo	Shri Utsav Khaitan
Age	72 years	25 year
Qualification	Chartered Accountant	BSc (Economics)
Date of Appointment	15 th November, 2014	20 th May, 2014
Expertise	Rich and vast experience in the field of Management and finance.	Marketing
Other Directorships (excluding Pvt. Companies) as on 31 st March, 2016	Nil	Nil
Chairman / Member of the Committees as on 31 st March, 2016	Khaitan Chemicals & Fertilizers Ltd.: Chairman -Corporate Social Responsibility Committee.	Khaitan Chemicals & Fertilizers Ltd. : Member - Corporate Social Responsibility Committee.

Route Map for the Venue of 34th Annual General Meeting



KHAITAN CHEMICALS & FERTILIZERS LIMITED



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 34th annual report of the Company and audited statement of accounts for the year ended 31st March, 2016.

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March, 2016 is summarised below:

Particulars	2015-16	2014-15
Sales (Gross)	39777.24	33388.06
Net Sales	39404.56	33203.41
Surplus before interest, depreciation, exceptional items and tax	4165.11	3728.09
Less: Financial Cost	2966.23	3006.60
Cash Profit before tax	1198.88	721.49
Less: Depreciation	863.61	889.11
Exceptional Items	-	-
Profit/(Loss) before taxation	335.27	(167.62)
Provision for current tax	75.94	-
Deferred tax	93.66	(521.51)
Income Tax of earlier year	-	3.47
Profit/(Loss) after taxation	165.67	350.42
Transfer to General Reserve	-	-
Proposed Dividend @ 5%	48.49	48.49
Tax on Proposed Dividend	9.87	9.87
Earning Per Share (face value of Re. 1/- each)	0.17	0.36

REVIEW OF OPERATIONS

FERTILIZER & CHEMICALS DIVISION

The year 2015-16 continued to be a challenging period with weak economic environment. The country faced a consecutive draught for the second year in 2015-16, which is a rare phenomenon. As result, the agriculture related businesses; especially fertilizers trade was very poor. On top of that the depreciating Indian currency compounded the situation since the Company's major raw material is imported.

Despite the adverse conditions during the year, the turnover of your Company has increased from Rs. 33203.41 lacs for the year 2014-15 to Rs. 39404.56 lacs for the year 2015-16. The operating income has increased from Rs 3728.09 lacs in 2014-15 to Rs 4165.11 lacs in 2015-16, and the cash profit has increased from Rs 721.49 lacs to Rs 1198.88 in the respective periods, while the net profit after tax has reduced from Rs. 350.42 lacs to Rs. 165.67 lacs. The reduction in net profit after tax is mainly due to the provision of deferred tax Rs 93.66 lacs in 2015-16 against Rs. (521.51) lacs in 2014-15.

The Company has produced 337329 MT (previous year 347238 MT) Single Super Phosphate and sold 404646 MT (previous year 322071 MT).

The Company is continuing its efforts for optimizing its current assets on the one hand and diversifying into new geographical markets on the other. More focus is being laid on producing value added fortified fertilizers, to improve the product portfolio. Further, with the long range forecast of normal monsoons in the current year 2016-17, we expect to perform better in this year.

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

The Government has reduced the Nutrient Based Subsidy rates from Rs. 3173 per MT to Rs. 2343 per MT w.e.f. 01.04.2016 and this revision in subsidy would impact the realizations in the short term, however we expect the impact would be neutralized over a period with gradual increase in prices of the products.

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

SOYA/AGRIDIVISION

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

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

DIVIDEND

The Board of Directors is pleased to recommend final dividend of Re. 0.05 per equity share (face value of Re. 1/- per share) for the financial year 2015-2016, previous year Re.0.05 per equity share.

INVESTORS EDUCATION & PROTECTION FUND

Dividend which was declared by the Company for the year ended March 31, 2009 at the Annual General Meeting held on July 31, 2009 and remained unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government on August 28, 2016 pursuant to the provisions of Companies Act, 2013. Thereafter no claim shall lie on dividend for the year ended March, 2009 from the shareholders.

PROJECTS & FINANCE

The Company has availed corporate loan from State Bank of India of Rs. 30 Crores, to supplement the long term working capital requirements in current year.

FIXED DEPOSITS

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

MATERIAL CHANGES EFFECTING FINANCIAL POSITIONS OF THE COMPANY

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

FOREIGN EXCHANGE EARNING AND OUTGO

The Company has earned Rs. NIL lacs on export of goods (Previous year Rs. NIL) and incurred Rs. 6937.79 lacs (Previous year Rs. 9047.66 lacs) on import of Raw Materials, Capital Goods, Fees & Subscription and Interest on Foreign Currency Loan.

DIRECTORS

In accordance with the provisions of Section 152(6)(c) of the Companies Act, 2013 and the Articles of Association of the Company, Shri Jagdish Lal Jajoo (DIN 02758763), Whole Time Director of the

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Company is due to retire at forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment. Directors recommend his reappointment.

During the year under review, Dr. Prakash Goyal (DIN 00754744), Independent Director of your Company, resigned from the Board w.e.f. 05.08.2015, due to his ill health. The Board places on record its sincere appreciation for valuable services rendered and contribution made by him.

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

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

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

KEY MANAGERIAL PERSONNEL

The following employees were designated as whole-time key managerial personnel by the Board of Directors during the year under review:

- Shri Shailesh Khaitan, Chairman & Managing Director;
- Shri R. S. Vijayvargiya, President & Chief Financial Officer; (Retired w.e.f. 05.08.2015)
- Shri H. V. Agnihotri, President & Chief Financial Officer; (Appointed w.e.f. 05.08.2015) and
- Shri Kamlesh Joshi, Company Secretary & General Manager.

INDEPENDENT DIRECTORS DECLARATION

The Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

CORPORATE GOVERNANCE

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

DETAILS OF SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

The Company has no Subsidiary/Joint Ventures/Associate Companies.

PARTICULARS OF LOAN, GUARANTEES, INVESTMENTS

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

NOMINATION & REMUNERATION POLICY

Pursuant to Section 178 of the Companies Act, 2013, the rules made thereunder and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has re-constituted the Nomination & Remuneration Committee, comprising of Shri Balmukund Dakhera, Chairman, Shri Vijay Gupta and Ms. Veena Chadha as its members.

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

AUDITORS & AUDIT REPORT

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, Statutory Auditors of the Company, retire 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 appointment as Statutory Auditors of the Company, if made, would be within the limit prescribed u/s 139 & 141 of the Companies Act, 2013 & also received a peer review certificate issued by the ICAI 'Peer Review Board', as required under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

INTERNAL AUDITOR

APAS & Company, Chartered Accountants, is appointed to conduct the internal audit of the Company for the Financial Year 2016-17, as required under Section 138 of the Companies Act 2013 and the Companies (Accounts) Rules, 2014.

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

COST AUDIT

The Board of Directors, in pursuance of an order under section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, issued by the Central Government, has appointed 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 2016-17.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Ritesh Gupta & Co., Company Secretaries, Indore, to undertake the Secretarial Audit of the Company for the financial year 2016-17.

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

SECRETARIAL STANDARDS

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Pursuant to Section 135 of Companies Act, 2013 and the relevant rules, the Board has re-constituted the Corporate Social Responsibility Committee comprising of Shri Jagdish Lal Jajoo as the Chairman and Shri Utsav Khaitan, Shri Balmukund Dakhera, Shri Vijay Gupta & Ms. Veena Chadha as its members. The detailed CSR Policy has been uploaded on Company's Website, Web-link:

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

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

ANNUAL EVALUATION OF BOARD

Pursuant to the provisions of section 134 (3) (p) of the Companies Act, 2013 and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board adopted a formal mechanism for evaluating its performance and as well as that of

KHAITAN CHEMICALS & FERTILIZERS LIMITED



its Committees and Individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc.

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

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

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return for the year ended on 31.03.2016 in Form MGT-9 is annexed (**Annexure – F**).

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit & loss of the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956/2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.
5. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

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

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

Pursuant to the provisions of Section 134 (3) (h) of the Companies Act, 2013, the particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, and prescribed in Form AOC - 2 of Companies (Accounts) Rules, 2014, are appended as **Annexure-G** to this report. Related Party Transactions

during the year have been disclosed as a part of Financial Statements as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

LISTING OF SHARES

Shares of the Company are listed on The Bombay Stock Exchange Limited (BSE), Mumbai, which provides a wider access to the investors nationwide. The Company has made all the compliances of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including payment of annual listing fees up to 31st March, 2017 to the BSE.

DEMATERIALIZATION OF SHARES

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31st, 2016, 96.81% of the share capital stands dematerialized.

RISK MANAGEMENT

The Company has amended Existing Risk Management Policy as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Section 134(3)(n) of the Companies Act, 2013, which requires the Company to lay down procedure for risk assessment and risk minimization. The Board of Directors, Audit committee and the Senior Management of the Company should periodically review the policy and monitor its implementation to ensure the optimization of business performance, to promote confidence amongst stakeholders in the business processes, plan and meet strategic objectives and evaluate, tackle and resolve various risks associated with the Company. The business of the Company is exposed to various risks, arising out of internal and external factors i.e. Industry, Competition, Input, Geography, Financial, Regulatory, Other Operational, Information Technology related other risks.

Implementation of the Scheme:

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

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

"The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed off during the year 2015-16.

No of complaints received: · NIL

No of complaints disposed off: Not Applicable".

PARTICULARS OF EMPLOYEES

In terms of provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the rules there under as amended from time to time, forms part of this report (**Annexure-A**).

Ratio of remuneration of each director to the median remuneration of the employees of the Company for the Financial Year:

The information required pursuant to Section 197 read with Rule 5 (1) (i) of the Companies (Appointment and Remuneration) Rules, 2014 in respect of ratio of remuneration of each director to the median remuneration of the employees of the Company for the Financial Year, is as follows:

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Shri Shailesh Khaitan : 30.72 times to median remuneration.
 Shri Utsav Khaitan : 8.78 times to median remuneration.
 Shri Jagdish Lal Jajoo : 6.46 times to median remuneration.

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

ACKNOWLEDGEMENT

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

for and on behalf of the Board

Place: Gurgaon
 Date: 27.05.2016

(SHAILESH KHAITAN)
 CHAIRMAN & MANAGING DIRECTOR
 DIN: 00041247

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	11278655	11750546
Total amount (Rs. in Lacs)	922.29	897.34
Rate/Unit (Rs.)	8.18	7.64
b) Own generation:		
i. Through diesel generator Units (KWH)	18967	37633
Total amount (Rs. in Lacs)	4.60	13.31
Rate/Unit (Rs.)	24.24	35.36
ii. Through steam turbine Units * (KWH)	4608791	3539470
Total amount	-	-
(*Net of Self Consumption in TG)		
2. Coal:		
Quantity (In MT)	3183	1452
Total Cost (Rs. in Lacs)	217.78	106.07
Rate/Unit (MT) (Rs.)	6842.30	7303.02
3. Furnace oil:		
Quantity (K. Lts.)	152	10
Total Amount (Rs. in lacs)	51.61	5.45
Average Rate /Lt.	33.99	54.36

B. Consumption per Unit of Production:

Item	Product	Current Year	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	29.88	32.65
	S.A./Oleum/Liquid So3	64.23	62.92
	Labsa	N.A.	49.61
	Soya Oil/Doc	N.A.	N.A.
Coal (KG/MT)	Soya Oil/Doc/Power	N.A.	N.A.
	G.S.S.P.	35.36	34.21

II - Section 134 and 197 of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the rules made there under as amended from time to time, and 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 throughout the year: Shri Shailesh Khaitan B.Com (Hons.)/ Chairman & Managing Director	60/36	01-09-1984	57.06	Managing Director, M/s. Majestic Packaging (P) Ltd. Kolkata
Shri Utsav Khaitan B.Sc. (Economics)/ Whole Time Director	25/3	06-08-2013	16.31	NIL

- 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.
- Shri Utsav Khaitan (Whole Time Director) is the son of Shri Shailesh Khaitan (Chairman & Managing Director).
- Shri Shailesh Khaitan is holding 3571910 (3.68%) equity shares and Shri Utsav Khaitan is having 13439 (0.01%) equity shares of your Company.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Annexure-'B'

Management Discussion & Analysis Report

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), Sulphuric Acid (Chemical) and Soya Edible Oil. All the segments are related to agriculture and totally dependent on monsoon.

Segment-wise Business Review and Operational and Financial Performance:

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

(Quantity in MT)

Particular	2015-16	2014-15	2013-14	2012-13	2011-12
Production:					
SSP	337329	347238	392448	389052	522358
Sulphuric Acid	86279	71580	120260	123014	164467
Oleum/Liquid So3	2318	2115	1479	1193	773
Seed Crushing	-	-	2135	4362	47829
Refined Oil	-	-	318	3878	11164
Sales:					
SSP	404646	322071	372984	402861	538250
Sulphuric Acid	46567	41815	57750	38555	40488
Soya Oil	1709	2083	2456	4527	11836
De-Oiled Cake	-	-	1730	4509	41964

The summarized financial performance of the Company for last 5 years is as under:

(Rs. In lacs)

Particular	2015-16	2014-15	2013-14	2012-13	2011-12
Sales:					
Fertilizer	37005.86	30320.89	35289.93	39893.47	48553.09
Soya	2284.42	2565.78	3462.14	5027.46	15631.21
PBIDT:					
Fertilizer	3126.86	2750.19	1836.86	2520.40	5071.90
Soya / Agri	173.89	67.44	20.35	(212.59)	650.19
EPS(Rs) :	0.17	0.36	(0.17)	0.22	2.24
DIVIDEND:	5%	5%	5%	5%	24%
Face Value (Per share)	1	1	1	1	1

The year 2015-16 continued to be a challenging period with weak economic environment. The country faced a consecutive draught in 2015-16 for the second year, which is rare phenomenon. As a result, the agriculture related businesses; especially fertilizers trade was very poor. On top of that the depreciating Indian currency compounded the situation since the Company's major raw material is imported.

Despite the adverse conditions during the year, the turnover of your Company has increased from Rs. 33203.41 lacs for the year 2014-15 to Rs. 39404.56 lacs for the year 2015-16. The operating income has increased from Rs 3728.09 lacs in 2014-15 to Rs 4165.11 lacs in 2015-16, and the cash profit has increased from Rs 721.49 lacs to Rs 1198.88 in the respective periods, while the net profit after tax has reduced from Rs. 350.42 lacs to Rs. 165.67 lacs. The reduction in net profit after tax is mainly due to the provision of deferred tax Rs 93.66 lacs in 2015-16 against Rs (521.51) lacs in 2014-15.

FERTILIZER & CHEMICALS DIVISION

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

During the year, the Company has produced 3,37,329 MT SSP and sold 4,04,646 MT SSP.

Industry Structure and Developments:

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

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

- Basic need for agriculture and its development.
- Third largest producers & consumer in the world.
- SSP is multi-nutrient fertilizer containing P_2O_5 as primary nutrient and Sulphur, Calcium & magnesium as secondary nutrients.
- SSP fertilizer is the lowest priced fertilizer per kg, and preferred by small & marginal farmers.
- Highly dependent on Imported Raw Material.
- Highly subsidised by Government of India.
- Substantial Import of Finished Products other than SSP.

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

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

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

Future Outlook:

It is expected that the Country will have an above normal monsoon in 2016, resulting in good news for Indian agriculture which is trembling since last 2 years, and shall heave a sigh of relief.

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

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

Further, the Government has w.e.f. 01.04.2016, reduced the Nutrient Based Subsidy rates from Rs. 3173 per MT to Rs. 2343 per MT. This revision in subsidy would impact the realizations in the short term, however we expect the impact would be neutralized over a period with a gradual increase in prices of the products.

Despite the slowdown in the previous years, the SSP Industry is very optimistic for the coming financial years, on account of relatively stable currency rates, stable global prices of key inputs, fewer regulatory hurdles and normal monsoon, and expect a steady financial performance in FY 2016-17.

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

Opportunity, Threats, Risk & Concerns:

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

The Nutrient Base Subsidy (NBS) is a long term positive for Fertilizer Industry with free market mechanism encouraging more interaction

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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 its inherent advantages to the Indian farmers, and the Country. All these opportunities would lead to substantial increase in turnover of your Company.

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

NBS policy as envisaged has attracted new entrants in the market, which in fact shall be better for the wider reach of this long neglected product and establishing the SSP Industry in its right place. However, entry of new entrants in overall bad market conditions has created excess supply in the short term.

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

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

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

SOYA/AGRI DIVISION

The Company is having 1400 TPD 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 railroad network with nearby ports.

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

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

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

Industry Structure and Development:

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.

Soy 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 10-15 years, and figures around 31 million tons in absolute terms. Countries like U.S, China, Argentina and India have a strong consumer base. Consumption has also risen in other nations like European Union, Central Europe, Egypt, Morocco, Mexico, and Brazil.

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 followed by Maharashtra. The other major producers are Rajasthan and Andhra Pradesh. The major trading centers for soy in India include Indore and Ujjain in Madhya Pradesh, Nagpur in Maharashtra and Kota in Rajasthan.

The total crop size in India is about 10-12 million tonnes out of world crop of 250 million tonnes. Soy 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 Limited (NCDEX) and Multi Commodity Exchange of India Limited (MCX). However, the trading in these exchanges are now a days in the hand of speculator

instead of showing a reasonable trend due to non feasibility of 'Free Trade' and 'Liquid Market'.

Future Outlook:

In India, crushing capacity of 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 alongwith control on tax evasion, existing players like us will have a competitive edge in a level playing field. The Company has reduced its fixed expenses in view of limited activities.

Opportunity, Threats, Risk & Concerns:

The Company is enjoying ideal location of its soy 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 produces and sells its 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 & soy oil very speculative products in Commodity Exchanges.

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Employees are the back-bone of good organization and to motivate them to achieve greater heights, the Company undertook various HR initiatives towards their development, enhancement and retention. The Company considers its highly motivated and well-maintained team as its most valuable asset. As on 31.03.2016, the Company has employed 252 peoples at various locations in India.

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

ENVIRONMENT AND SAFETY

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

At Company, environment concerns have always taken precedence; Our Factories are certified by OHSAS 18001-2007 through external auditors and have been re-certified for international standards ISO 14001-2004 for Environment Management System and ISO 9001-2008 for Quality Management System.

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

CONCLUSION

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

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Annexure-'C'

Report on Corporate Governance

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

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's Philosophy on Corporate Governance envisages the attainment of high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including the inter-action with employees, shareholders, creditors, consumers, 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 six. Out of the six directors, three directors are Non-Executive and Independent. Shri Shailesh Khaitan (father of Shri Utsav Khaitan), an Executive Promoter Director is the Chairman & Managing Director of the Company. Shri Utsav Khaitan (son of Shri Shailesh Khaitan) and Shri Jagdish Lal Jajoo, Executive Directors are the Whole Time Directors of the Company. Shri Balmukund Dakhera, Shri Vijay Gupta and Ms. Veena Chadha, Non Executive Directors are the Independent Directors of the Company. Dr. Prakash Goyal, Non Executive and Independent Director of the Company has resigned from the Board w.e.f. 05.08.2015 due to his ill health. The composition of the Board of Directors meets the stipulated requirement.

The Board's composition and categories as on March 31, 2016, and the attendance of each director at Board meetings and the last Annual General Meeting (AGM) are as under:

DIN	Name of Directors	Category	No. of Directorship in other Cos. (excluding Pvt. Cos.)	No. of Board Committee Memberships in other Cos.	No. of Board Committee for which Chairperson	No. of Board meetings Attended	Whether Attended AGM
00041247	Shri Shailesh Khaitan	Promoter, Executive	Three	One	NIL	Five	Yes
02758763	Shri Jagdish Lal Jajoo	Executive	NIL	NIL	One	Four	Yes
03021454	Shri Utsav Khaitan	Promoter, Executive	NIL	NIL	NIL	Five	Yes
00754744	Dr. Prakash Goyal (Resigned w.e.f. 05.08.2015)	Independent, Non-Executive	NIL	NIL NIL	NIL	One	No
03511193	Shri Vijay Gupta	Independent, Non-Executive	NIL	NIL	One	Five	Yes
05105269	Shri Balmukund Dakhera	Independent, Non-Executive	NIL	NIL	Two	Four	Yes
06886533	Ms. Veena Chadha	Independent, Non-Executive	NIL	NIL	NIL	Five	Yes

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

RESIGNATION OF INDEPENDENT DIRECTOR:

Dr. Prakash Goyal, Non Executive and Independent Director of the Company who was associated with the Company since July 16, 1999, has resigned from the Board w.e.f. 05.08.2015 due to his ill health.

BOARD INDEPENDENCE:

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

BOARD MEETINGS:

During the financial year ended on March 31, 2016, five Board Meetings were held on April 10, 2015; May 16, 2015; August 5, 2015; November 4, 2015 and February 5, 2016. The Company's last Annual General Meeting (AGM) was held on August 5, 2015.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

3. AUDIT COMMITTEE

The present strength of the Audit Committee is three as on 31.03.2016. 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.

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

The Audit committee consisted of the following members as on March 31, 2016:

S. No.	Name of Members	Status	No. of Meetings Attended
1	Shri Balmukund Dakhera	Chairman	4
2	Vijay Gupta	Member	4
3	Ms. Veena Chadha (appointed w.e.f. 05.08.2015)	Member	2
4	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	Member	NIL

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During the financial year ended on March 31, 2016, four Audit Committee Meetings were held on May 16, 2015; August 5, 2015; November 4, 2015 and February 5, 2016.

- (b) **Terms of reference:** The terms of reference, and the role of Audit Committee is to overview the accounting system, financial reporting, disclosures of financial reporting, internal control system and risk management system of the Company. The powers and role of the Audit Committee are set out in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and section 177 of the Companies Act, 2013.
- (c) **Quorum:** Two independent members.
- (d) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee.

4. NOMINATION & REMUNERATION COMMITTEE

The present strength of the Nomination & Remuneration Committee is three as on 31.03.2016. All three are non-executive independent directors viz., Shri Balmukund Dakhera, Shri Vijay Gupta & Ms. Veena Chadha. Shri Balmukund Dakhera is the Chairman of the Nomination & Remuneration Committee. Dr. Prakash Goyal, a member of the Nomination & Remuneration Committee has resigned on 05.08.2015 due to his ill health.

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

The Nomination & Remuneration Committee consisted of the following members as on March 31, 2016:

S. No.	Name of Members	Status	No. of Meetings Attended
1	Shri Balmukund Dakhera	Chairman	2
2	Vijay Gupta	Member	2
3	Ms. Veena Chadha (appointed w.e.f. 05.08.2015)	Member	1
4	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	Member	NIL

During the financial year ended on March 31, 2016, two Nomination & Remuneration Committee Meetings were held on May 16, 2015 & November 4, 2015.

- (b) **Terms of reference:** The terms of the reference of Nomination and Remuneration Committee includes deciding the Company's policies on specific remuneration packages for all the directors and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the board of Directors and the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 178 of the Companies Act, 2013.
- (c) **Quorum:** Two independent members.
- (d) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee.
- (e) **Performance Evaluation Criteria for Independent Directors:** The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors which are as under-

AREAS OF EVALUATION

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

(f) NOMINATION & REMUNERATION POLICY

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

Definitions:

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

“**Key Managerial Personnel**” means:

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

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

Objective:

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

Role of the Committee:

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

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

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Broad Policy:

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

5. REMUNERATION OF DIRECTORS:

- (a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2015-2016.
- (b) The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings attended by them, of such sum as may be approved by the Board of Directors / Members of the Company within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.
- (c) Details of remuneration paid to Executive Director for the financial year 2015-16.

(Rs. in lacs)

Name	Designation	Salary	Commission/ Sitting Fees	Perks & Allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	24.00	-	33.06	57.06	5 years
Shri Utsav Khaitan	Whole Time Director	16.30	-	0.01	16.31	5 years
Shri Jagdish Lal Jajoo	Whole Time Director	12.00	-	-	12.00	5 years

(d) Details of remuneration paid to non-executive Director for the financial year 2015-16:

At present the Non-executive Directors are paid remuneration by way of sitting fees Rs.15000/- & Rs.7500/- for attending each meeting of the Board and the committees respectively. Details of sitting fees paid to Non-executive Directors and shares held by them in the financial year 2015-16 are given below:

S. No.	Name of Directors	Sitting Fees (in Rs.)	No.of Shares Hold
1	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	15,000	800
2	Shri Vijay Gupta	1,65,000	80
3	Shri Balmukund Dakhera	1,20,000	0
4	Ms. Veena Chadha	1,27,500	0

6. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

The Board has constituted a Stakeholder's Relationship Committee consisting of three members as on 31.03.2016, chaired by Shri Vijay Gupta, an Independent, Non-executive Director. CS Kamlesh Joshi, Company Secretary & General Manager of the Company is designated as Compliance Officer. The Committee meets at regular intervals to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificate, non receipt of declared dividend etc. and to review the status of investors' grievances and redressal mechanism and recommends measures to improve the level of investor services. Details of share transfer/transmissions approved by the Committee are placed at the Board Meetings from time to time.

(a) COMPOSITION

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

S. No.	Name	Chairman/Member	No. of Meeting Attendend
1	Shri Vijay Gupta	Chairman, (w.e.f. 05.08.2015) Independent, Non-executive	4
2	Ms. Veena Chadha (Appointed w.e.f. 05.08.2015)	Member, Independent, Non-executive	2
3	Shri Kamlesh Joshi (w.e.f. 05.08.2015)	Member /Compliance Officer, Executive	4
4	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	Chairman, Independent, Non-executive	Nil
5	Shri R.S. Vijayvargiya (retired on 05.08.2015)	Member, Executive	2

During the financial year ended on March 31, 2016, Four Stakeholder's Relationship Committee Meetings were held on May 16, 2015; August 5, 2015; November 4, 2015 and February 5, 2016.

(b) QUORUM: Two Members.

- (c) **STATUS OF SHAREHOLDERS' GRIEVANCE:** During the year 2015-16, the Company has received 144 grievances and has resolved the same according to the satisfaction of shareholders within prescribed time. There are no pending grievance as on 31.03.2016.

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:

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

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Board has constituted a Corporate Social Responsibility Committee consisting of five members, chaired by Shri Jagdish Lal Jajoo, Whole Time Director of the Company. The terms of reference of the CSR Committee broadly comprises to review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress. The detailed CSR Policy has also been uploaded on Company's Website: **Web-link:** <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>.

COMPOSITION

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

S.No	Name	Chairman/ Member	No. of Meeting Attended
1.	Shri Jagdish Lal Jajoo	Chairman, Whole Time Director	1
2.	Shri Utsav Khaitan	Whole time Director	1
3.	Shri Vijay Gupta	Member, Independent, Non-executive	1
4.	Shri Balmukund Dakhera	Member, Independent, Non-executive	1
5.	Ms. Veena Chadha (appointed w.e.f. 05.08.2015)	Member, Independent, Non-executive	1
6.	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	Member, Independent, Non-executive	Nil

During the financial year ended March 31, 2016, one meeting of Corporate Social Responsibility Committee was held on February 5, 2016.

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

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

8. INDEPENDENT DIRECTOR'S MEETING:

During the year under review, the Independent Directors met on February 5, 2016, inter-alia to discuss:

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

All the Independent Directors were present at the Meeting.

9. ANNUAL GENERAL MEETINGS:

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

AGM No.	Financial Year	Location of the Meeting	Date	Time	Whether passed any Special Resolutions
31.	2012-2013	Registered office of the Company	August 6, 2013	1.00 P.M.	No
32.	2013-2014	Registered office of the Company	August 7, 2014	1.00 P.M.	Yes*
33.	2014-2015	Registered office of the Company	August 5, 2015	1.00 P.M.	Yes**

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

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

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

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

10. MEANS OF COMMUNICATION:

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

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11. GENERAL SHAREHOLDER INFORMATION:

- (a) **Annual General Meeting:** The 34th Annual General meeting of the Company will be held on Thursday, the 11th day of August, 2016 from 1:00 P.M. at Registered Office of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.)
- (b) **Financial Calendar for the Financial Year 2015-16:**
- Financial reporting for the quarter ending June 30, 2016 : On or before August 14, 2016
 - Financial reporting for the half year ending September 30, 2016 : On or before November 14, 2016
 - Financial reporting for the quarter ending December 31, 2016 : On or before February 14, 2017
 - Financial reporting for the year ending March 31, 2017 : On or before May 30, 2017
- (c) **Dividend Payment:** Dividend, if declared will be paid on 16.08.2016.
- (d) **Listing of Shares:** The Shares of the Company is listed on The Bombay Stock Exchange Ltd., (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001. The Company has paid Annual Listing Fee for the year 2016-2017 to the Stock Exchange.
- (e) **Stock Code:** 507794.
- (f) **International Security Identification No. (ISIN):** NSDL and CDSL: INE745B01028
- (g) **Market Price Data and Comparison with SENSEX:**
The monthly high and low quotations and volume of shares traded on the Stock Exchange, Mumbai (BSE) along with comparison with S&P BSE SENSEX is as follows:

Month	Monthly High (n Rs.)	Monthly Low (n Rs.)	Volume of Shares Traded	SENSEX Monthly High	SENSEX Monthly Low
April, 2015	9.20	6.81	387785	29094.61	26897.54
May, 2015	9.86	7.37	709039	28071.16	26423.99
June, 2015	9.84	7.00	217059	27968.75	26307.07
July, 2015	11.95	7.52	430362	28578.33	27416.39
August, 2015	11.60	8.77	559117	28417.59	25298.42
September, 2015	9.70	7.75	96608	26471.82	24833.54
October, 2015	9.00	7.66	112162	27618.14	26168.71
November, 2015	9.20	7.75	212781	26824.30	25451.42
December, 2015	9.70	8.01	131993	26256.42	24867.73
January, 2016	10.98	8.00	88083	26197.27	23839.76
February, 2016	8.80	7.45	620825	25002.32	22494.61
March, 2016	8.90	7.80	707316	25479.62	23133.18

(h) **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

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

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 1000	20155	94.08	4251169	4.38
1001 to 2000	599	2.80	969243	1.00
2001 to 3000	157	0.73	422931	0.44
3001 to 4000	94	0.44	344651	0.36
4001 to 5000	114	0.53	552393	0.57
5001 to 10000	141	0.66	1103706	1.14
10001 and above	163	0.76	89345107	92.12
Grand Total	21423	100.00	96989200	100.00

Categories of Shareholders as on March 31, 2016 :

Category	No. of shares Held	% of Shareholding
Promoters	72736169	74.99
Financial Institutions, Mutual Fund and Banks	6950	0.01
Private Corporate Bodies	5125430	5.28
Non-residents /OCBs	476192	0.50
Indian Public	18644459	19.22
Total	96989200	100.00

KHAITAN CHEMICALS & FERTILIZERS LIMITED



- (k) **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, 2016, 9,38,91,722 equity shares of the Company, which amount to 96.81% 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.

- (l) **Commodity Price Risk/ Foreign Exchange Risk and Hedging:** Foreign Exchange Risk has been fully covered by the Company.

- (m) **Plant Locations:** The Company has the following manufacturing and operating divisions:

Fertilizer & Chemicals Division:

1. A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.)-451 569
2. Village Goramachia, Jhansi-Kanpur Road, Jhansi (U.P.)-248 001
3. Village Dhinva, Tehsil Nimbahera, Dist. Chhittorgarh -312 601 (Rajasthan)
4. A-1, UPSIDC Industrial Area, Malwan, Dist. Fatehpur-212 664 (U.P.)
5. Village Farhad (Somni), Dist. Rajnandgaon-491443 (Chhattisgarh)
6. 42/7, GIDC Industrial Estate, Dahej, Vagra, Dist. Bharuch-392 130 (Gujarat)

Soya Division (Khaitan Agro):

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

- (n) **Investor Correspondence (Details of Compliance Officer):**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any query relating to the shares of the Company please write to:

CS KAMLESH JOSHI

Company Secretary & General Manager

Khaitan Chemicals & Fertilizers Ltd.

L24219MP1982PLC004937

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

Tel. No. 0731-4753666, 4237926 Fax No. 0731-2562572

Email- khaitanchemfert@gmail.com

- (o) **Date of Book Closure:**

4th day of August, 2016 to 11th day of August, 2016 (both days inclusive) for Annual general Meeting/payment of Dividend.

12. OTHER DISCLOSURES:

- a. There are no materially significant transactions with its promoters, the directors or the senior management personnel, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company. The disclosure in respect of related party transactions is provided in the notes on accounts. All contracts with the related parties entered into during the year are in normal course of business and have no potential conflict with the interest of the Company at large and are carried out on arm's length basis at fair market value.
- b. Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.
- c. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has framed a Whistleblower Policy. No personnel has been denied access to the Audit Committee. The detail Whistleblower policy has been uploaded on the Company's website: Web-link: <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-Vigil-Mechanism-Policy.pdf>
- d. The Company has complied with the mandatory requirements of the Listing Regulation. The Company has adopted various non-mandatory requirements as well, as discussed under relevant headings.
- e. The Company does not have any subsidiary company.
- f. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year, which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.
The company has framed Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions and is placed on the Company's website and the web link for the same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Policy-on-materiality-of-RPT-KCFL>. The Company has also formed Related Party Transactions Policy and the weblink for same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Related-Party-Transactions-Policy>
- g. The Company has in place mechanism to inform Board Members about the Risk Management and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management. A detailed note on risk management is given in the financial review section of the management discussion and analysis report elsewhere in this report. Further the company did not engage in commodity hedging activities.

13. INSTANCE OF NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT.

There has been no instance of non-compliance of any requirement of corporate governance report as mentioned in sub-para 2 to 12 above.

14. ADOPTION OF NON-MANDATORY REQUIREMENTS:

The Company has adopted below mentioned discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Reporting of Internal Auditor

The Internal Auditor of the Company is a invitee to the Audit Committee Meeting for reporting their findings of the internal audit to the Audit Committee Members.

15. THE COMPANY HAS FULLY COMPLIED WITH THE APPLICABLE REQUIREMENT SPECIFIED IN REG. 17 TO 27 AND CLAUSE (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



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

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

Place: Gurgaon
Date: 27.05.2016

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR

COMPLIANCE CERTIFICATE

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

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

We have examined the compliance of conditions of corporate governance by Khaitan Chemicals & Fertilizers Limited, for the year ended March 31, 2016, as stipulated in Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

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

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

for Ritesh Gupta & Co.
Company Secretaries

Place: Indore
Date : 27.05.2016

Ritesh Gupta
CP:3764, FCS:5200

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

Particulars	No. of Shareholders	No. of shares held by them
Detail of shareholders as on 01.04.2015	7432	1987060
Shareholders who approached during the year for transfer of shares	24	17360
Shareholders to whom shares are transferred during the year	24	17360
Detail of shareholders as on 31.03.2016	7408	1969700

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

Place: Gurgaon
Date: 27.05.2016

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR

KHAITAN CHEMICALS & FERTILIZERS LIMITED



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

The Board of Directors
Khaitan Chemicals & Fertilizers Limited

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

Yours sincerely,

Place: Gurgaon
Date: 27.05.2016

Shri Shailesh Khaitan
(Chairman & Managing Director)

Shri H.V. Agnihotri
(President & Chief Financial Officer)



Secretarial Audit Report

FORM MR-3 SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

To,
The Members,
M/s. Khaitan Chemicals and Fertilizers Limited
A.B. Road, Village-Nimrani
Khargone (MP)- 451569

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

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

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, according to the provisions of:

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

I have also examined compliances with the applicable clause of the listing agreements entered by the Company with Bombay Stock Exchange Limited and also uniform Listing Agreements entered into stock exchange(s) as per SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

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

- 1) The provisions, regulation and guidelines prescribed under Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings are not applicable to the Company during the financial year under report;
- 2) The following provisions, regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:-
 - a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

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

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

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

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

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

For Ritesh Gupta & Co.
Company Secretaries

Date: 27.05.2016
Place: Indore

Ritesh Gupta
CP:3764,FCS:5200

Annexure-'I'

IMPORTANT LAWS APPLICABLE SPECIFICALLY TO THE COMPANY

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

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

For Ritesh Gupta & Co.
Company Secretaries

Date: 27.05.2016
Place: Indore

Ritesh Gupta
CP:3764,FCS:5200

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Annexure-'E'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

2. **Composition of the CSR Committee:**

1. Shri Jagdish Lal Jajoo, Chairman
2. Shri Utsav Khaitan, Member
3. Shri Balmukund Dakhera, Member
4. Shri Vijay Gupta, Member
5. Ms. Veena Chadha, Member (appointed w.e.f. 05.08.2015)
6. Dr. Prakash Goyal, Member (resigned w.e.f. 05.08.2015)

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

Average net profit/(loss) : Rs (416.71) Lacs

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

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

5. **Details of CSR spend for the financial year 2015-2016:**

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

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

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Annexure-'F'

EXTRACT OF ANNUAL RETURN

As on The Financial Year Ended on 31.03.2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]
Form No. MGT-9

I. REGISTRATION & OTHER DETAILS :

1	CIN	L24219MP1982PLC004937
2	Registration Date	02.06.1982
3	Name of the Company	Khaitan Chemicals & Fertilizers Ltd.
4	Category/Sub-Category of the Company	Public company Limited By Shares
5	Address of the Registered office and contact details	A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.) Tel. -07285-2654448/47, Fax -07285-265449 Email : khaitanchemfert@gmail.com
6	Whether Listed Company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent if any	Ankit Consultancy Pvt. Ltd , Plot No. 60, Electronic Complex, Pardeshipura, Indore- 452001 (M.P.) Tel. No. 0731-2551745/2551746 Email : ankit_4321@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of Main products/Services	NIC Code of the Product / Service	% to total turnover of the company
1	Manufacture of Straight Inorganic Fertilizers. (Single Super Phosphate)	3011	94.10

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

A) Category-wise Share Holding

Category of Shareholders	No. of. Shares held at the beginning of the year				No. of. Shares held at the end of the year				% Change during the year
	Demat	Physical	Total Share	% of Total Share	Demat	Physical	Total Share	% of Total Share	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4923219	-	4923219	5.08	4923219	-	4923219	5.08	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	67812950	-	67812950	69.92	67812950	-	67812950	69.92	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	72736169	-	72736169	74.99	72736169	-	72736169	74.99	0.00
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters(A)=(A)(1)+(A)(2)	72736169	-	72736169	74.99	72736169	-	72736169	74.99	0.00

KHAITAN CHEMICALS & FERTILIZERS LIMITED



B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4660	-	4660	0.00	4660	-	4660	0.00	-
b) Financial Institutions/ Banks	2260	2130	4390	0.00	160	2130	2290	0.00	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	6920	2130	9050	0.01	4820	2130	6950	0.01	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	5828904	159060	5987964	6.17	4967570	157860	5125430	5.28	-0.89
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	7890766	2948188	10838954	11.18	7466320	2885448	10351768	10.67	-0.51
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	6917855	-	6917855	7.13	8292691	-	8292691	8.55	1.42
c) Others (specify)									
NRI/OCB	428716	52360	481076	0.50	421067	52040	473107	0.49	-0.01
Clearing Members	17732	-	17732	0.02	3085	-	3085	0.00	-0.02
Sub-total (B)(2):-	21083973	3160008	24243981	25.00	21150733	3095348	24246081	25.00	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	21090893	3162138	24253031	25.01	21155553	3097478	24253031	25.01	0.00
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	93827062	3162138	96989200	100.00	93891722	3097478	96989200	100.00	0.00

B) Shareholding of Promoters -

S. No	Shareholder's Name	Shareholding at the beginning of the year			No. of. Shares held at the end of the year			% Change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged encumbered to total shares	
1	S.K. Khaitan	7920	0.01	0.00	7920	0.01	0.00	0.00
2	Sailesh Kumar Khaitan	2771910	2.86	1.24	2771910	2.86	1.24	0.00
3	Shailesh Khaitan	800000	0.82	0.82	800000	0.82	0.00	0.00
4	Shradha Projects Limited	45763640	47.18	0.00	45763640	47.18	29.18	0.00
5	Swapna Khaitan	1329950	1.37	0.00	1329950	1.37	0.00	0.00
6	The Majestic Packaging Co. Pvt. Ltd.	22049310	22.73	0.00	22049310	22.73	0.00	0.00
7	Utsav Khaitan	13439	0.01	0.00	13439	0.01	0.00	0.00
	Total	72736169	74.99	2.06	72736169	74.99	30.42	0.00

KHAITAN CHEMICALS & FERTILIZERS LIMITED



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

S. No	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
I	At the beginning of the year 01-04-2015	72736169	74.99	72736169	74.99
II	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
III	At the End of the year 31-03-2016	72736169	74.99	72736169	74.99

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

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Suresh Kanmal Jajoo	2680131	2.76	2680131	2.76
2	Khaitan Chemicals Fertilizers Ltd. Unclaimed Shares Demat Suspense A/c	1987060	2.05	1969700	2.03
3	Vijaya S	1108322	1.14	2985077	3.08
4	Koushik Sekhar	832587	0.86	832587	0.86
5	Ajay Upadhyaya	422738	0.44	Nil	0.00
6	Dynamic Commodities Pvt. Ltd.	365360	0.38	365360	0.38
7	Vardhaman Textile Co. Pvt. Ltd.	285470	0.29	285470	0.29
8	Shailaja Finance Limited	253518	0.26	200018	0.21
9	Alok Lodha	240896	0.25	230896	0.24
10	S. Shyam	241185	0.25	1185	0.00
11	Geeta Prakash	233048	0.24	234048	0.24
12	Brinda Upadhyaya	Nil	0.00	300000	0.31
13	Koushik Sekhar	Nil	0.00	254060	0.26
14	IFCI Financial Services Limited	Nil	0.00	225284	0.23

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Shri Sailesh Kumar Khaitan	2771910	2.86	2771910	2.86
2	Shri Shailesh Khaitan	800000	0.82	800000	0.82
3	Shri Utsav Khaitan	13439	0.01	13439	0.01
4	S.K. Khaitan	7920	0.01	7920	0.01
5	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	800	0.00	800	0.00
6	Shri Kamlesh Joshi	400	0.00	400	0.00
7	Shri Jagdish Lal Jajoo	240	0.00	240	0.00
8	Shri Vijay Gupta	80	0.00	80	0.00
9	Shri Harshvardhan Agnihotri	160900	0.17	160900	0.17

KHAITAN CHEMICALS & FERTILIZERS LIMITED



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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I) Principal Amount	2142136315	112050000	-	2254186315
ii) Interest due but not paid	1938588	-	-	1938588
iii) Interest accrued but not due	2966548	-	-	2966548
Total (i+ii+iii)	2147041451	112050000	-	2259091451
Change in Indebtedness during the financial year				
* Addition	13208656	50050000	-	63258656
* Reduction	-	-	-	-
Net Change	13208656	50050000	-	63258656
Indebtedness at the end of the financial year				
I) Principal Amount	2141489139	175250000	-	2316739139
ii) Interest due but not paid	3617280	-	-	3617280
iii) Interest accrued but not due	1993688	-	-	1993688
Total (i+ii+iii)	2147100107	175250000	-	2322350107

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sr. No.	Particulars of Remuneration	Name of MD/TWD /Manager			Total Amounts
		Shri Shailesh Khaitan	Shri Jagdish Lal Jajoo	Shri Utsav Khaitan	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2400000/-	1200000/-	1630000/-	5230000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3306000/-	-	1000/-	3307000/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission- as % of profit-	-	-	-	-
5	Others, specify...				
	Total (A)	5706000/-	1200000/-	1631000/-	8537000/-
	Ceiling as per the Act	-	-	-	-

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amounts
		Shri Balmukund Dakhera	Shri Vijay Gupta	Dr. Praksh Goyal resigned w.e.f. 05.08.2015	Ms. Veena Chadha	
1	Independent Directors					
	Fee for attending board committee meetings	120000/-	165000/-	15000/-	127500/-	427500/-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	120000/-	165000/-	15000/-	127500/-	427500/-
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	120000/-	165000/-	15000/-	127500/-	427500/-
	Total Managerial Remuneration	120000/-	165000/-	15000/-	127500/-	427500/-
	Overall Ceiling as per the Act	-	-	-	-	-

KHAITAN CHEMICALS & FERTILIZERS LIMITED



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

S.No.	Particulars of Remuneration	Key Managerial Personnel			Total Amounts
		*Shri R.S. Vijayvargiya (CFO) retired w.e.f. 05.08.2015	*Shri H.V. Agnihotri (CFO) Appointed w.e.f. 05.08.2015	Shri Kamlesh Joshi (Company Secretary)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1620000/-	1026000/-	380100/-	3026100/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2881064/-	130000/-	365260/-	3376324/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	4501064/-	1156000/-	745360/-	6402424/-

* The remuneration has been taken for full financial year, irrespective of their appointment /retirement date.

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment /compounding fees imposed	Authority (RD) NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Annexure-'G'

Form No. AOC-2

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

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

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

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

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

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

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

Sr. No.	Name of Related Parties	Nature of Relationship	Nature of Transaction
1	Shradha Projects Limited	A public Company in which Shri Shailesh Khaitan is a Director.	Immovable property has been taken on rent by the Company (Khaitan Chemicals & Fertilizers Ltd.), 01.04.2015 to 31.03.2020.
2	Tri-bhuvan Properties Limited	A public Company in which Shri Shailesh Khaitan is a Director.	Immovable property has been taken on rent by the Company (Khaitan Chemicals & Fertilizers Ltd.), 01.04.2015 to 31.03.2020.
3	B. O. Construction Private Limited	A Private Company in which Shri Shailesh Khaitan is a Director.	Immovable property has been taken on rent by the Company (Khaitan Chemicals & Fertilizers Ltd.), 01.04.2015 to 31.03.2018.
4.	Arati Marketing Private Limited	A Private Company in which Shri Shailesh Khaitan is holding 2% or more equity shares.	Sale of Vehicle to Arati Marketing Pvt. Ltd. by the Company.

(c) Salient terms of the contracts or arrangements or transactions including the value, if any

Terms of the contract conform to the prevailing market rates and all the care has been taken to ensure reasonability of prices as compared to the prevailing rates in the market better quality products and timely supplies.

(d) Justification for entering into such contracts or arrangements or transactions

It is ensured that the contract with the Contracting party is advantageous to the Company and its shareholders. The Company intends to ensure following aspects by dealing with contracting parties:

(e) date(s) of approval by the Board: all the quarterly meetings held during the Financial Year 2015-16.

(f) Amount paid as advances, if any: NIL

(g) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A.

3) The details of all related party transactions as per Accounting Standard 18 have been disclosed in Notes to Accounts of Financial Statement.

for Khaitan Chemicals & Fertilizers Limited

Place: Gurgaon
Date: 27.05.2016

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR
DIN : 00041247



INDEPENDENT AUDITOR'S REPORT

To
The Members,
Khaitan Chemicals & Fertilizers Limited
Gurugram

1. We have audited the accompanying financial statements of **Khaitan Chemicals & Fertilizers Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. **Auditor's Responsibility**

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles

generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements**

(a) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(b) As required by section 143 (3) of the Act, we report that:

- i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- v. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- vi. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - a) The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements.
 - b) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For **S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

Firm Regn.No. 000756N

HARISH GUPTA

Partner

(Membership No. 098336)

Place: Gurugram

Date: 27th May, 2016

KHAITAN CHEMICALS & FERTILIZERS LIMITED



"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(As referred to in paragraph 5(a) of our report to the members of **Khaitan Chemicals & Fertilizers Limited** financial statements of the Company for the year ended March 31, 2016, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed Assets have been physically verified by the management in a phased manner, 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 nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed on such verification.
- (c) The title deeds of immovable properties as disclosed in the note 10 on fixed assets to the financial statements, are held in the name of the company *except in the following cases where title deeds/lease agreement are not held in the name of the Company; (Refer Note 10 (b) & (c) of the Financial Statement.*

Nature of immovable properties	No. of properties	Gross Block (Rs)	Net Block (Rs)
Freehold Land	2	57.47 lacs	57.47 lacs
Leasehold Land	1	24.86 lacs	16.77 lacs
Total	3	82.33 lacs	74.24 lacs

- 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) The discrepancies noticed on physical verification of the inventory as compared to books records were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered

- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under section 185 and 186. Therefore, the provisions of the clause 3(iv) of the said Order are not applicable to the Company.
- v. As per the information and explanations provided to us, the Company has not accepted any deposits and therefore provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and rules there under are not applicable to the Company.
- vi. We have broadly reviewed the books of accounts maintained in pursuance to sub section (1) of section 148 of the Act in respect of single super phosphate fertilizers, sulphuric acid and refined vegetable oil manufactured by the Company and are of the opinion that, prima facie, the prescribed records and accounts have been made and maintained. However, we have not carried out a detailed examination of such records to verify its authenticity and accuracy.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues of including, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. Further, there are no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanations given to us, there are no material dues of custom duty and service tax which have not been deposited with appropriate authorities on account of dispute. However, according to the information and explanations given to us the following dues of income tax, sales tax, excise duty, value added taxes, purchase tax, entry tax and Royalty/cess, have not been deposited by the Company on account of any disputes: -

Sr. 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.	Mines and Minerals (Development and Regulation) Act, 1957	Royalty on rock phosphate	118.77 Lacs	2004-05	High Court, Rajasthan
3.	Purchase Tax Act	Purchase Tax	63.38 Lacs	2004-05	High Court of Madhya Pradesh, Jabalpur
4.	Central Excise Act	Penalty	17.78 Lacs	2007-08	Custom Excise and Service Tax Appellate Tribunal, Delhi
5.	UP Trade Tax 1948	Sales Tax	1.00 Lacs	2006-07	The Deputy Commission Commercial Tax-Jhansi
6.	M.P. Entry Tax Act 1976	Entry Tax	28.27 Lacs	2007-08	MP Commercial Tax Appellate Board, Bhopal
7.	Central Excise Act	Excise Duty & Penalty	16.85 Lacs	2007-09	Commissioner (Appeal)-I, Bhopal
8.	Custom Act 1962	Custom Duty	171.56 Lacs	2004-05 to 2008-09	Commissioner (Appeal), Mumbai

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. However, the Company has not taken any loan from the government and has not issued any debentures.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

- xiii. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

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

HARISH GUPTA
Partner
(Membership No. 098336)

Place: Gurugram
Date: 27th May, 2016



"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 5 (b) (vi) of our report to the members of **Khaitan Chemicals & Fertilizers Limited** for the year ended March 31, 2016)

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

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

2. Management's Responsibility for Internal Financial Controls

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

3. Auditors' Responsibility

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

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

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

over financial reporting.

4. Meaning of Internal Financial Controls over Financial Reporting

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

5. Inherent Limitations of Internal Financial Controls over Financial Reporting

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

6. Opinion

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

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

HARISH GUPTA
Partner
(Membership No. 098336)

Place: Gurugram
Date: 27th May, 2016

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Balance Sheet as at 31st March, 2016

		Rs. In Lacs	
	Note No.	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	969.89	969.89
Reserve and surplus	4	11,750.98	11,643.67
		<u>12,720.87</u>	<u>12,613.56</u>
Non-current liabilities			
Deferred tax liabilities (Net)	5	389.44	295.78
Long-term borrowings	6	5,152.38	2,078.17
Other long term liabilities	8	42.82	116.56
Long-term provisions	9	117.84	64.41
		<u>5,702.48</u>	<u>2,554.92</u>
Current liabilities			
Short-term Borrowings	7	17,031.14	19,516.64
Trade payables	8	2,385.85	2,871.05
Other current liabilities	8	2,170.97	2,154.58
Short-term provisions	9	58.36	143.74
		<u>21,646.32</u>	<u>24,686.01</u>
TOTAL		<u>40,069.67</u>	<u>39,854.49</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	11,707.23	12,312.85
Intangible assets	10	46.41	54.63
Capital work-in-progress	10	95.11	44.41
Non-current investments	11	9.49	9.49
Long-term loans and advances	12	398.68	242.96
Other Non-current Assets	13	-	-
		<u>12,256.92</u>	<u>12,664.34</u>
Current assets			
Inventories	14	6,521.40	13,347.33
Trade receivables	15	9,328.04	5,531.11
Cash and Bank balances	16	862.76	1,046.03
Short-term loans and advances	12	799.49	917.91
Other current assets	13	10,301.06	6,347.77
		<u>27,812.75</u>	<u>27,190.15</u>
TOTAL		<u>40,069.67</u>	<u>39,854.49</u>

Summary of significant accounting policies & Notes to the accounts 2
The accompanying notes are an integral part of these financial statements.

Per our report of even date attached

For and on behalf of Board

For : **S.S. Kothari Mehta & Co.**
Chartered Accountants
Firm Regn. No 00756N

HARISH GUPTA
Partner
Membership No.98336

Place: **Gurgaon**
Dated: **27.05.2016**

SHAILESH KHAITAN
(Chairman & Managing Director)

UTSAV KHAITAN
JAGDISH LAL JAJOO
(Whole Time Directors)

H.V. AGNIHOTRI
(President & Chief Financial Officer)

BALMUKUND DAKHERA
VIJAY GUPTA

VEENA CHADHA
(Independent Directors)

KAMLESH JOSHI
(Company Secretary & General Manager)

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Statement of Profit and Loss for the year ended 31st March, 2016

		Rs. In Lacs	
	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
Income			
Revenue from operations (Gross)	17	39,777.24	33,388.06
Less: Excise Duty		542.39	462.58
Revenue from operations (Net)		39,234.85	32,925.48
Other Income	18	169.71	277.93
Total Revenue		39,404.56	33,203.41
Expenses:			
Cost of Materials Consumed	19	19,962.50	21,663.95
Purchases of Stock in Trade		643.56	624.35
Increase/Decrease of finished goods, work in progress & Stock in trade	20	4,787.10	(1205.22)
Employee benefits expense	21	1,442.03	1,211.29
Finance costs	22	2,966.23	3,006.60
Depreciation and amortization expense	10	863.61	889.11
Other expenses	23	8,404.26	7,180.95
Total expenses		39,069.29	33,371.03
Profit before exceptional & extraordinary items & tax		335.27	(167.62)
Tax expense:			
Current tax		75.94	-
Deferred tax		93.66	(521.51)
Earlier years' tax		-	3.47
Profit/(loss) after tax for the year		165.67	350.42
Basic/Diluted		0.17	0.36

Summary of significant accounting policies & Notes to the accounts 2
The accompanying notes are an integral part of these financial statements.

Per our report of even date attached

For and on behalf of Board

For : **S.S. Kothari Mehta & Co.**
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KHAITAN CHEMICALS & FERTILIZERS LIMITED



Cash Flow Statement for the year ended 31st March, 2016

Rs. In Lacs

	Year ended 31.03.2016	Year ended 31.03.2015
Cash flow from Operating Activities :		
Profit before Tax	335.27	(167.62)
Non cash adjustment to reconcile profit before tax to net cash flow :		
Depreciation / Amortization	863.61	889.11
Balances Written Back	(98.40)	(29.35)
Loss / (Profit) on sale of Fixed Assets	(0.42)	(0.91)
Foreign Exchange Loss (Net)	14.42	-
Provision for Non Cash Expenses	33.80	23.36
Interest expense	2,966.23	3,006.60
Interest income	(68.65)	(94.28)
Operating profit before working capital changes Movements in Working Capital	4,045.86	3,626.91
Increase / (Decrease) in trade & Other payables	(629.05)	637.68
Decrease / (Increase) in Trade receivables	(3,796.94)	(848.39)
Decrease / (Increase) in Inventories	6,825.92	(31.78)
Decrease / (Increase) in short term loans and advances	75.14	315.61
Decrease / (Increase) in other current assets / cash and bank	(3,851.12)	(993.41)
Increase / (Decrease) in deferred tax	93.66	(604.28)
Cash generated from / (used in) operations	2,763.47	2,102.34
Less : Direct taxes paid	43.29	(3.47)
Net cash flow from / (used in) operating activities (A)	2,720.18	2,105.81
Cash flow from Investing activities :		
Purchase of Fixed assets including intangible assets,	(107.54)	(805.39)
Capital Work in Progress	(215.20)	(11.35)
Intangible Assets under Development	-	-
Proceeds from sale of Fixed assets	22.70	11.08
Proceeds / (Payment) of Long term loans & advances	(155.72)	(21.13)
Interest received	82.46	33.29
Net cash flow from / (used in) Investing activities (B)	(373.30)	(793.50)
Cash flow from Financing Activities :		
Proceeds from long term borrowings	4,361.50	2,114.34
Repayments of long term borrowings	(1,379.84)	(2,554.50)
Proceeds from short term borrowings	(2,485.50)	2,201.41
Interest paid	(2,959.17)	(3,008.97)
Dividend paid on equity shares	53.40	(52.76)
Tax on equity dividend paid	9.87	(8.24)
Effect of Foreign Exchange Gain / (Loss)	(14.42)	-
Net cash flow from / (used in) in financing activities (C)	(2,414.16)	(1,308.72)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(67.28)	3.59
Cash and cash equivalent at the beginning of the year	168.77	165.18
Cash and cash equivalent at the end of the year	101.49	168.77
Components of cash and cash equivalent		
Cash on hand	4.04	4.32
With Bank - on current account	65.14	127.23
unpaid dividend accounts *	32.31	37.22
Total cash and cash equivalent	101.49	168.77

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

Per our report of even date attached

For and on behalf of Board

For : **S.S. Kothari Mehta & Co.**
Chartered Accountants
Firm Regn. No 00756N

SHAILESH KHAITAN
(Chairman & Managing Director)

BALMUKUND DAKHERA
VIJAY GUPTA

HARISH GUPTA
Partner
Membership No.98336

UTSAV KHAITAN
JAGDISH LAL JAJOO
(Whole Time Directors)

VEENA CHADHA
(Independent Directors)

Place: **Gurgaon**
Dated: **27.05.2016**

H.V. AGNIHOTRI
(President & Chief Financial Officer)

KAMLESH JOSHI
(Company Secretary & General Manager)

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Summary of significant accounting policies and Notes on accounts for the year ended 31st March, 2016,

1. Corporate Information

Khaitan Chemicals & Fertilizers Ltd. (the Company) is engaged in the manufacturing of Single Super Phosphate Fertilisers (Powder & Granulated) and Sulphuric Acid and its variants, Processing of Oil Seed (mainly Soybean) and crude edible oil, selling of De-oiled Cake and Crude/Refined Oil & Generation and selling of Wind Power.

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

2. Significant Accounting Policies

a) Basis of preparation of financial statements

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

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

b) Use of Estimates

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

c) Revenue Recognition

i. **Sale** - The Company recognises sale of goods on transfer of significant risks and reward of ownership to the customers. Sales (Gross) are inclusive of excise duty, fertilizer subsidy, and net off trade discounts and sales return, wherever applicable.

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

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

iv. **Dividend** - Dividends are accounted for when the right to receive the dividend payment is established.

d) Government Grants and Subsidies

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

e) Excise Duty

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

f) Employee Benefits

i. Short term employee benefits obligations are estimated and provided for.

ii. Post employment benefits and other long term benefits:

(a) Defined contribution plans:

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to revenue.

(b) Defined benefits plans:

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

g) Operating Lease

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

h) Borrowing Cost

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

i) Tangible Fixed Assets and Capital Work in Progress

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

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

j) Intangible assets

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

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

k) Depreciation and Amortisation

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

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

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

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

KHAITAN CHEMICALS & FERTILIZERS LIMITED



l) Impairment of tangible and intangible assets

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

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

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

m) Inventories

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

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

n) Investments

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

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

o) Foreign Currency Transactions

1.) Foreign Currency Transactions are recorded by applying the exchange rate prevailing on the date of transaction.

2.) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. In respect of items covered by forward contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as an expense or income over the life of contract. Any profit or loss arising on settlement / cancellation of such a forward exchange contract is recognized as an income or expense for the period.

3.) Non-Monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using exchange rate at the date of transaction.

4.) Gain or loss arising out of translation/conversion and on settlement is taken credit for or charged to the statement of profit and loss.

p) Taxation

Income Tax

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

Deferred Tax

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

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

q) Pre project expenditure

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

r) Earning per share

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

s) Provisions and Contingent Liabilities and Contingent Assets

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

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

t) Cash and Cash Equivalents

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

u) Cash Flow Statements

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

v) Derivatives Instruments

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

w) Segment Reporting

The Company is organized into two primary business segments mainly Fertilizer and Chemicals & Agri (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, 2016

	Rs. in Lacs	
	As at 31.03.2016	As at 31.03.2015
3. Share capital		
Equity Share Capital		
Authorised		
22,00,00,000 shares of par value of Re. 1/- each (Previous year 22,00,00,000 shares of par value of Re.1/- each)	2,200.00	2,200.00
Issued		
9,71,24,420 shares of par value of Re.1/- each (Previous year 9,71,24,420 shares of par value of Re.1/- each)	971.24	971.24
Subscribed And Fully Paid-Up		
9,69,89,200 shares of par value of Re.1/- each (Previous year 9,69,89,200 shares of par value of Re.1/- each)	969.89	969.89

Equity Shares

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

	As at 31.03.2016		As at 31.03.2015	
	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
At the beginning of the year	96989200	969.89	96989200	969.89
Issued during the year	-	-	-	-
Outstanding at the end of the year	96989200	969.89	96989200	969.89

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

	As at 31.03.2016		As at 31.03.2015	
	No. of shares	% of shares	No. of shares	% of shares
Shradha Projects Ltd.	4,57,63,640	47.18	4,57,63,640	47.18
The Majestic Packaging Co. Pvt. Ltd.	2,20,49,310	22.73	2,20,49,310	22.73

4. Reserves & Surplus

	Rs. in Lacs	
	As at 31.03.2016	As at 31.03.2015
Capital Reserve		
As per last Balance Sheet	1,552.05	1,554.09
Less: Transfer to Surplus Balance in the statement of Profit & Loss	2.04	2.04
	1,550.01	1,552.05
Securities Premium Account	2,152.58	2,152.58
General Reserve		
As per last Balance Sheet	2,791.24	2,963.54
Less : Adjustment as per Co. Act, 2013 Sechedule-II (Net of deferred tax of Rs. Nil Lacs previous year Rs. 82.80 Lacs)	-	172.30
Surplus/(deficit) in the statement of Profit & Loss	2,791.24	2,791.24
As per last balance sheet		
Add: Net Profit after tax for the year	5,147.80	4853.70
Add: Transfer from Capital Reserve	165.67	350.42
Less: Appropriations-	2.04	2.04
Transfer to general reserve		
Proposed dividend	-	-
Tax on proposed dividend	48.49	48.49
	9.87	9.87
	5,257.15	5,147.80
Total Reserve and Surplus	11,750.98	11,643.67

Note: The Company has proposed final dividend for the year 2015-16 @ Re.0.05 per equity share of Re. 1/- each (previous year Re. 0.05 per equity share).

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

5. Deferred Tax Liabilities (Net)

	Rs. in Lacs	
	As at 31.03.2016	As at 31.03.2015
Gross Deferred Tax Liabilities:		
a) Depreciation /Amortization	2,399.45	2,412.31
b) Others	2.49	4.22
	2,401.94	2,416.53
Gross Deferred tax assets:		
a) Unabsorbed Depreciation / Loss	-	171.51
b) Provisions for doubtful debts\Non-moving Items	41.83	29.28
c) Losses on Specified Business	1,921.95	1,893.46
d) Expense allowed on payment basis	48.72	26.50
	2,012.50	2,120.75
Net Deferred Tax Liabilities	389.44	295.78

NOTE:

- i The net (increase) / decrease during the year in the deferred tax liability (DTL) of Rs. (93.66) lacs, previous year decrease Rs. 521.51 lacs has been (debited) /credited to Statement of Profit & Loss.
- ii Considering the past performance and business plans of future years, Company expects that the sufficient taxable income will be available against which deferred tax assets can be realised.

6. Long Term Borrowings

	Non-Current		Current Maturities	
	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Term Loans :				
- From Banks :				
Indian Rupee Loan from Banks (Secured)	787.92	358.02	677.18	858.20
Foreign Currency Loan from Banks (Secured)	2,743.46	599.65	175.19	88.85
- From Other Parties :				
Loans and advances from related parties (Un-Secured) :	1,621.00	1,120.50	131.50	-
	5,152.38	2,078.17	983.87	947.05
The above amount includes :				
Secured Borrowings	3,531.38	957.67	852.37	947.05
Unsecured Borrowings	1,621.00	1,120.50	131.50	-
Amount disclosed under the head "Other Current Liabilities"				
Refer Note No.8	-	-	(983.87)	(947.05)
Net Amount	5,152.38	2,078.17	-	-

(I) Rupee Term Loan of Rs. 438.94 Lacs (Sanctioned Rs. 2,250.00 Lacs) from State Bank of India, is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari- passu basis with existing charge holders and repayable in 16 installments comprising of 11 installments of Rs. 150 Lacs each and 4 installments of Rs. 100 Lacs each and balance in last installment ending on 30th June, 2017.

(ii) Rupee Term Loan of Rs.124.81 Lacs and Foreign Currency Term Loan of Rs. 2918.65 (Sanctioned Rs. 3,000.00 Lacs) from State Bank of India is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari- passu basis with existing charge holders and repayable in 22 quarterly installments comprising of 2 Installment of Rs.50.00 Lacs each, 4 Installments of Rs. 75.00 Lakhs each, 4 Installments of Rs. 100.00 Lakhs each, 4 Installments of Rs. 150 Lakhs each, 4 Installments of Rs. 175 Lakhs each, 2 Installments of Rs. 200 Lakhs each, 1 Installment of Rs. 250 Lakhs and balance in last installment ending on 31.03.2021.

(iii) Rupee Term Loan of Rs. 857.14 Lacs (Sanctioned Rs. 1,000.00 Lacs) by IDBI Bank Ltd., is primarily to be secured by way of first charge on entire immovable assets and movable fixed assets of the Company both present and future on pari-passu with existing charge holder and repayable in 28 equal quarterly installment of Rs. 35.71 Lacs each ending on 1st January, 2022.

All the above loans are collaterally secured through second charge by way of hypothecation on the entire current assets of the company on pari-passu basis with existing charge holder. These loans are irrevocably and unconditionally guaranteed by Chairman & Managing Director, Shri Shailesh Khaitan. Loan of Rs. 1,000 Lacs sanctioned in FY 2014-15 by IDBI Bank is collaterally secured by mortgage of two properties of Shradha Projects Ltd., situated at Indore and pledge of 12 lacs equity shares of the Company. Fresh Corporate loan of Rs. 3,000 Lacs sanctioned by State Bank of India in 2015-16 is collaterally secured by pledge of 2,82,96,760 fully paid up equity shares of the company .

(iv) Rupee Term Loan of Rs. 0.76 Lacs (sanctioned Rs. 18 Lacs) have been availed from HDFC Bank with tenure of 60 months ending 7th May, 2016. The Loan is secured by the hypothecation of the car.

(v) Rupee Term Loan of Rs. 43.45 Lacs (sanctioned Rs. 49.50 Lacs) have been availed from BMW Financial Services with tenure of 60 months ending 1st June, 2020. The Loan is secured by the hypothecation of the car.

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

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

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

7. Short Term Borrowings

	Rs. in Lacs	
	As at	As at
	31.03.2016	31.03.2015
Secured		
From Banks:-		
- Cash Credits / Working Capital Demand Loans	12347.13	13,569.68
- Buyer's Credit	4309.25	5447.15
Unsecured -		
IDBI Vendor Finance	<u>374.76</u>	<u>499.81</u>
	<u>17,031.14</u>	<u>19,516.64</u>

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

ii. All short term bank borrowings are personally guaranteed by Chairman & Managing Director, Shri Shailesh Khaitan.

iii. IDBI Vendor Finance loan in the nature of Discounting of Bill of Exchange drawn/accepted by the Corporates of Rs. 374.76 Lacs (sanctioned Rs.500.00 Lacs). Loan is secured primarily by accepted bills of exchange.

	Non-Current Liabilities		Current Liabilities	
	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
8. Trade Payables & Other Current Liabilities				
Trade Payables				
For Goods and Services (including acceptance)	-	-	2,385.85	2,871.05
Total	<u>-</u>	<u>-</u>	<u>2,385.85</u>	<u>2,871.05</u>
Other Current Liabilities				
Current maturities of long term debts (Refer Note No. 6)	-	-	983.87	947.05
Interest accrued but not due on borrowings	-	-	36.17	29.67
Interest accrued & due on borrowings	-	-	19.94	19.39
Unpaid Dividends	-	-	32.31	37.22
Other Payable:-				
Advances from customers	-	-	84.39	325.93
Payable for Capital Expenditure	-	-	33.18	163.07
Payable to Employees	-	-	178.42	135.58
Forward Contract Payable	-	-	226.89	-
Payable to Service Provider	-	-	431.99	249.76
Security Deposits	42.82	116.56	-	-
Tax deducted at source Payable	-	-	33.01	11.24
Other Statutory dues	-	-	110.80	235.67
	<u>42.82</u>	<u>116.56</u>	<u>2,170.97</u>	<u>2,154.58</u>

Note:

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

- A. Trade payable includes (i) Rs. Nil lacs (previous year Rs. 23.99 lacs) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) and (ii) Rs. 2385.85 lacs (previous year Rs. 2847.06 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.

	Long Term		Short Term	
	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
9. Provisions				
Provision for employee benefits (Refer Note No.24)				
- Provision for Gratuity	107.39	62.78	-	-
Provision for Leave Benefits	10.45	1.63	-	-
	<u>117.84</u>	<u>64.41</u>	-	-
Provision for proposed dividend on equity shares	-	-	48.49	48.49
Provision for tax on proposed dividend	-	-	9.87	9.87
Provision for derivatives instruments	-	-	-	85.38
	<u>117.84</u>	<u>64.41</u>	<u>58.36</u>	<u>143.74</u>

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

10. FIXED ASSETS

DESCRIPTION OF ASSETS	Rs. in lacs									
	-----GROSS BLOCK-----			-----DEPRECIATION / AMORTISATION-----				-----NET BLOCK-----		
	As at 31.3.2015	Addi- tions	Adjustment/ Deductions	As at 31.3.2016	Upto 31.3.2015	Sale/Ad- justment	During the year	Upto 31.3.2016	As at 31.3.2016	As at 31.3.2015
Tangible Assets										
Land Freehold	559.57	-	-	559.57	-	-	-	-	559.57	559.57
Lease hold Land	492.77	-	-	492.77	33.35	-	5.01	38.36	454.41	459.42
Building	5,932.73	31.97	-	5,964.70	1,385.13	-	129.40	1,514.53	4,450.17	4,547.60
Plant and Equipment	16,760.30	132.52	-	16,892.82	10,252.93	-	645.32	10,898.25	5,994.57	6,507.37
Furniture & Fixtures	126.97	4.02	-	130.99	67.67	-	10.32	77.99	53.00	59.30
Vehicles	357.52	83.71	103.75	337.48	230.65	81.70	39.99	188.94	148.54	126.87
Office Equipments	101.40	7.37	-	108.77	73.90	-	8.34	82.24	26.53	27.50
Computers	94.71	5.26	0.35	99.62	69.49	0.12	9.81	79.18	20.44	25.22
Total	24,425.97	264.85	104.10	24,586.72	12,113.12	81.82	848.19	12,879.49	11,707.23	12,312.85
Previous year	23,248.90	1,194.85	17.77	24,425.97	10,990.76	7.60	1,129.96	12,113.12	12,312.85	12,258.13
Intangible Assets										
Software	76.45	7.20	-	83.65	21.82	-	15.42	37.24	46.41	54.63
Total	76.45	7.20	-	83.65	21.82	-	15.42	37.24	46.41	54.63
Previous year	76.45	-	-	76.45	7.57	-	14.25	21.82	54.63	66.86
Capital Work in Progress										
Capital Work in Progress	44.41	215.20	164.50	95.11	-	-	-	-	95.11	44.41
Total	44.41	215.20	164.50	95.11	-	-	-	-	95.11	44.41
Previous year	422.52	11.35	389.45	44.41	-	-	-	-	44.41	422.52
Intangible assets under Development										
Intangible assets under Development	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Previous year	-	-	-	-	-	-	-	-	-	-

NOTES:

- 10 (a) Vehicles include motor cars taken on hire purchase of Rs. 57.95 Lacs (previous year Rs. Nil Lacs).
- 10 (b) Freehold Land measuring 1,76,460 Sq. Meter amounting to Rs. 57.47 Lacs is yet to be transferred in the name of the Company. These lands were acquired in pursuance of scheme of amalgamation/merger sanctioned Hon'ble High Courts.
- 10 (c) Lease agreement of Leasehold Land of Malwan unit measuring 151650.72 Sq. Meter amounting to Rs. 24.86 lacs (Net Block Rs. 16.77 lacs) acquired by virtue of amalgamation sanctioned by BIFR order dated 12th April 2006, is yet to be transferred in the name of the Company.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

11. Non-Current Investments

	Rs. in Lacs	
	As at 31.03.2016	As at 31.03.2015
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
Shradha Projects Ltd. (94800 Shares (Previous Year 94800) fully paid equity shares of Rs 10/- each)	9.48	9.48
	<u>9.49</u>	<u>9.49</u>
Aggregate amount of unquoted investment	9.49	9.49

12. Loan and Advances

	Non-Current		Current	
	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Loans and Advances				
(Unsecured, considered good, unless otherwise stated)				
Security Deposits	363.07	226.89	113.24	22.22
Other Loan & advances:-				
Loan/Advances to Employees	7.76	1.85	15.22	12.62
Advance to Suppliers & Contractors	-	-	354.07	482.68
Vat receivables	-	-	-	49.39
Prepaid Expenses	-	-	124.74	130.56
Taxes/Duties deposited under protest	27.24	13.61	8.00	8.00
Balances with Statutory/Govt. Authorities	-	-	14.66	23.33
Deposit with Original maturity for more than 12 months (Refer Note No.-16)	0.61	0.61	-	-
Margin Deposits	-	-	-	15.33
Advance Tax/Tax Deducted at source (Net of provision)	-	-	94.53	126.88
Other Advances recoverable in cash or in kind	-	-	78.23	50.10
Less: Provision for bad & doubtful advances	-	-	3.20	3.20
	<u>398.68</u>	<u>242.96</u>	<u>799.49</u>	<u>917.91</u>

13. Other Current Assets

	Non-Current		Current	
	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Subsidy receivable (Refer Note No - 35)	142.87	142.87	10,012.06	5,646.80
Less: Subsidy payable to Bank of India on realisation	142.87	142.87	-	-
	-	-	10012.06	5646.80
Interest Receivable	-	-	15.25	29.06
MAT credit entitlement	-	-	31.33	31.33
Other Receivable	-	-	242.42	640.58
	-	-	<u>10,301.06</u>	<u>6,347.77</u>

14. Inventories

	Rs. in Lacs	
	As at 31.03.2016	As at 31.03.2015
Inventories (valued at lower of cost or net realisable value)		
Raw Material	1,087.39	2,838.87
Raw Material in Transit	661.91	903.64
Work in Progress(Oil)	6.22	6.43
Finished Goods	3,634.81	8,421.70
Stores and Spares	1,131.07	1,176.69
	<u>6,521.40</u>	<u>13,347.33</u>

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

15. Trade Receivables

	Non-Current		Current	
	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good (Unsecured)	-	-	432.61	737.02
Doubtful	-	-	<u>24.40</u>	<u>24.40</u>
	-	-	457.01	761.42
Less: Provision for doubtful receivables	-	-	<u>24.40</u>	<u>24.40</u>
	-	-	432.61	737.02
Other receivables (Unsecured considered good)	-	-	<u>8,895.43</u>	<u>4,794.09</u>
	-	-	<u>9,328.04</u>	<u>5,531.11</u>

16. Cash and Bank Balances

	Non-Current		Current	
	As at		As at	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
I) Cash and Cash Equivalents				
a) Balances with Banks :				
(i) In Current Account	-	-	65.14	127.23
(ii) In Unpaid Dividend Account	-	-	32.31	37.22
b) Cheques/drafts in hand	-	-	-	-
c) Cash in Hand	-	-	<u>4.04</u>	<u>4.32</u>
	-	-	<u>101.49</u>	<u>168.77</u>
II) Other Bank Balances				
(I) Margin Money Deposits	-	-	761.27	877.26
(ii) Deposit with Original maturity for more than 12 months	0.61	0.61	-	-
	0.61	0.61	761.27	877.26
Amount disclosed under Non - Current Assets (Refer Note-12)	<u>(0.61)</u>	<u>(0.61)</u>	-	-
Total	<u>-</u>	<u>-</u>	<u>862.76</u>	<u>1,046.03</u>

Margin Money Deposits with a carrying amount of Rs.761.27 lacs (Previous year Rs.877.26 lacs) are subject to first charge to secure the Company's Buyers' credit & Bank Guarantees'.

17. Revenue from Operations

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Sales of products		
Finished goods	38,676.76	32,328.03
Traded goods	801.59	998.56
Other operating revenue	298.89	61.47
Revenue from operations	<u>39,777.24</u>	<u>33,388.06</u>
Less: Excise duty	<u>542.39</u>	<u>462.58</u>
Revenue from operations (net)	<u>39,234.85</u>	<u>32,925.48</u>
Details of products sold		
Finished goods		
SSP/GSSP Fertilizer	34,759.89	28,232.75
(includes Subsidy Income of Rs.12881.38 Lacs, previous year Rs.10,193.76 lacs).		
Sulphuric Acid	2,499.41	2,313.56
Oleum 23% and 65%	121.39	111.71
Liquid So3	26.68	43.70
Refined Oil	1,225.73	1,553.75
Soya Solvent oil	2.65	3.44
Sale of Power	41.01	69.12
	<u>38,676.76</u>	<u>32,328.03</u>

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Traded goods sold		
Soya De-Oiled Cake	801.59	998.56
	<u>801.59</u>	<u>998.56</u>

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Other Operating Revenue		
Revenue from NCDEX (Net)	249.58	5.68
Sale of By-product & Process waste	17.03	16.98
Scrap Sales	32.28	38.81
	<u>298.89</u>	<u>61.47</u>

18. Other Income

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Interest Income on		
Bank Deposits	58.15	77.92
Electricity Deposits	10.50	7.00
Others	-	9.36
	<u>68.65</u>	<u>94.28</u>
Other non-operating income		
Miscellaneous Receipt	2.24	53.52
Profit on Sale of Fixed Assets	0.42	0.91
Foreign Exchange Fluctuation (including MTM loss/profit)	-	99.87
Balances written back	98.40	29.35
	<u>101.06</u>	<u>183.65</u>
TOTAL	<u>169.71</u>	<u>277.93</u>

19. Cost of Raw Material Consumed

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Opening Stock	2838.85	3321.87
Add: Purchases including related expenses upto the factory site (net of claim)	18,211.04	21,180.93
Less: Closing Stock	1087.39	2838.85
	<u>19962.50</u>	<u>21663.95</u>

Details of Inventories - Raw material

	Rs. in Lacs	
	As at 31.03.2016	As at 31.03.2015
Rock Phosphate (Indigenous)	21.41	4.63
Rock Phosphate (Imported)	415.87	2,165.11
Sulphur (Fert)	218.73	206.37
Sulphur (Non Fert)	208.18	198.93
Sulphuric Acid/Spent Acid	79.56	183.08
Solvent Oil/Refined Oil	18.56	4.19
Others	125.08	76.54
	<u>1,087.39</u>	<u>2,838.85</u>

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

Details of Raw Material Consumed

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Rock Phosphate (Indigenous)	3632.90	2726.22
Rock Phosphate (Imported)	10136.45	12462.19
Sulphur (Fert)	1157.07	960.59
Sulphur (Non Fert)	1536.89	1444.59
Sulphuric Acid/Spent Acid	2219.39	2456.64
Refined Oil	1047.35	1,346.33
Others	232.45	267.39
	<u>19,962.50</u>	<u>21,663.95</u>

20. (Increase) decrease in Inventories

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Inventories at the end of the year		
Finished goods	3,634.81	8421.70
Work in progress	6.22	6.43
	<u>3,641.03</u>	<u>8,428.13</u>
Inventories at the beginning of the year		
Finished goods	8,421.70	7,216.45
Work in progress	6.43	6.46
	<u>8,428.13</u>	<u>7,222.91</u>
	<u>4,787.10</u>	<u>(1,205.22)</u>

Details of Inventory

	Rs. in Lacs	
	As at 31.03.2016	As at 31.03.2015
Finished Goods		
SSP/GSSP Fertilizers	3,463.12	8,305.69
Sulphuric acid	171.50	110.35
Others	0.19	5.66
	<u>3,634.81</u>	<u>8,421.70</u>
Work in Progress		
Soya refined Oil	6.22	6.43
	<u>6.22</u>	<u>6.43</u>

21. Employee Benefit Expenses

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Salaries, wages and bonus	1,288.48	1,094.03
Contribution to provident and other funds (Refer Note No.24)	122.60	91.64
Staff Welfare	30.95	25.62
	<u>1,442.03</u>	<u>1,211.29</u>

22. Finance Costs

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Interest	1,997.68	2,517.24
Other Borrowing Costs	968.55	489.36
	<u>2,966.23</u>	<u>3,006.60</u>

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

23. Other Expenses

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
Consumption of stores & spare parts	810.52	617.16
Packing Material consumed	1,272.25	1,185.83
Power & Fuel	1,315.33	1,173.90
Repair & Maintenance:		
Plant & Machinery	101.69	77.95
Building	6.66	12.64
Others	61.94	62.94
Other Manufacturing Expenses	420.90	642.10
Freight Outward	3,437.10	2,534.08
Loading & Unloading	51.33	13.39
Other selling expenses	138.31	50.45
Communication Expenses	44.52	42.10
Rent	34.74	49.23
Insurance	30.21	32.49
Legal & Professional charges	46.64	42.48
Rates & Taxes	52.14	40.86
Travelling & Conveyance	255.05	220.74
Contribution to CSR Activity	-	13.25
Charity & Donation	0.03	0.42
Payment to Auditors	16.69	13.89
Excise Duty On Variation of Finished Goods	(6.38)	80.36
Foreign Exchange Fluctuation (including MTM loss)	14.42	-
Bank Charges	8.43	10.50
Miscellaneous Expenses	291.74	264.19
	<u>8,404.26</u>	<u>7,180.95</u>

Payment to Auditor (including service tax)

	Rs. in Lacs	
	Year ended 31.03.2016	Year ended 31.03.2015
As auditor :		
Audit Fees	6.87	5.06
Limited Review fees	1.57	1.57
Certification fees	6.36	5.03
Reimbursement of Expenses	1.89	2.23
	<u>16.69</u>	<u>13.89</u>

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

(i) Defined Benefit Plan

S.No.	Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
		2015-16	2014-15	2015-16	2014-15
I	Change in Defined Benefit Obligation				
	Opening defined benefit obligation	219.63	206.39	56.73	48.02
	Interest Cost	17.57	16.51	4.54	3.84
	Current Service Cost	21.08	17.05	8.16	5.39
	Benefits paid (if any)	(11.62)	(24.35)	-	-
	Actuarial (gain)/Loss on obligation	22.83	4.03	0.74	(0.52)
	Closing defined benefit obligation	269.49	219.63	70.17	56.73
II	Change in Fair Value of Plan Asset				
	Opening fair value of plan assets	156.87	161.28	55.09	50.51
	Expected return on plan assets	12.80	13.88	4.59	4.54
	Contributions	4.08	3.02	-	0.04
	Benefits paid (if any)	(11.62)	(24.35)	-	-
	Adjustment because of LIC Fund Received late Last year	-	3.04	-	-
	Actuarial (gain)/loss on Plan assets	-	-	0.03	-
	Closing fair value of plan assets	162.13	156.87	59.71	55.09

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

Rs. in Lacs

S.No.	Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
		2015-16	2014-15	2015-16	2014-15
III	Actual Return on Plan Assets				
	Expected return on plan assets	12.79	13.89	4.63	4.54
	Actuarial (gain)/loss on Plan assets	0.04	-	-	-
	Actual Return on Plan Assets	12.75	13.89	4.63	4.54
IV	Amount recognised in the Balance Sheet				
	Closing defined benefit obligation	269.49	219.63	70.17	56.73
	Closing fair value of plan assets	162.12	156.86	59.73	55.10
	Net(Asset)/Liability recognised in the Balance Sheet	107.39	62.77	10.44	1.63
V	Expenses recognised in the Profit and Loss Account				
	Interest Cost	17.57	16.51	4.54	3.84
	Current Service Cost	21.08	17.05	8.16	5.42
	Expected return on plan assets	(12.76)	(13.89)	(4.59)	(4.55)
	Actuarial (gain)/Loss	22.80	4.04	0.70	(0.52)
	Expenses recognised in Personnel Cost	48.69	23.71	8.81	4.19
VI	Balance Sheet Reconciliation				
	Opening net Liability	62.77	45.12	1.63	(2.49)
	Expenses (as above)	48.69	23.71	8.81	4.19
	Employer's contribution	4.08	3.02	-	0.07
	Adjustment because of LIC Fund Received late Last year	-	3.04	-	-
	Amount recognised in the Balance Sheet	107.39	62.77	10.44	1.63
VII	Actuarial Assumption used for the year				
	Discount Rate	8.00%	8.00%	8.00%	8.00%
	Rate of Return on Plan Assets	8.00%	8.75%	8.00%	9.00%
	Expected Salary Growth Rate	5.00%	5.00%	5.00%	5.00%
	Attrition Rate	2.00%	2.00%	2.00%	2.00%

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.

S. No.	Particulars	Rs. in Lacs	
		2015-16	2014-15
i	Superannuation	4.44	5.16
ii	Provident Fund	55.47	41.40
		59.91	46.56

KHAITAN CHEMICALS & FERTILIZERS LIMITED



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

Relationship:

(a) Related Party where control exists :

Shradha Projects 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 Utsav Khaitan	Whole Time Director
(v) Shri H.V. Agnihotri	(Son of Chairman & Managing Director)
(vi) Shri R.S. Vijayvargiya	President & Chief Financial Officer(from 05.08.2015)
(vii) Shri Kamlesh Joshi	President & Chief Financial Officer(till 05.08.2015)
(viii) Ms. Monica Vijayvargiya	Company Secretary & General Manager
	Daughter of Shri R.S. Vijayvargiya

(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) Arati Marketing Private Limited
- (iv) B.O. Construction Pvt. Ltd.

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

Rs. in Lacs

Name of Related Party	Nature of Transaction	31.03.2016	31.03.2015
Shradha Projects Ltd.	Loan Taken	532.00	501.50
	Loan Repaid	5.00	100.00
	Rent paid	3.60	17.93
	Interest paid	111.93	46.66
	Dividend Paid	22.88	22.88
	Interest outstanding	-	5.27
	Balance Outstanding	1,208.50	681.50
Shri Shailesh Khaitan	Remuneration	57.06	41.47
	Dividend Paid	1.79	1.79
	Balance outstanding	7.99	3.51
Smt. Swapna Khaitan	Dividend Paid	0.66	0.66
Shri Utsav Khaitan	Salary	16.31	9.56
	Balance outstanding	2.05	1.30
Shri J.L. Jajoo	Remuneration & Fees	12.00	9.53
	Balance outstanding	0.84	0.93
Shri H.V. Agnihotri	Salary	11.56	10.06
	Balance outstanding	0.99	-
Shri R.S. Vijayvargiya	Salary	45.01	20.23
	Balance outstanding	0.41	0.04
Shri Kamlesh Joshi	Salary	7.45	6.42
Ms. Monica Vijayvargiya	Salary	7.22	5.65
The Majestic Packaging Company Private Limited	Dividend Paid	11.02	11.02
Tribhuvan Properties Limited	Rent Paid	-	30.90
	Loan Paid	-	300.00
	Interest Paid	-	34.03
	Interest outstanding	-	6.21
B.O. Construction Pvt. Ltd.	Rent paid	36.60	-
	Balance outstanding	33.66	-
Arati Marketing Pvt. Ltd.	Loan Taken	280.00	439.00
	Loan Re-paid	175.00	40.00
	Sale of Vehicle	22.50	-
	Interest Paid	78.11	4.09
	Interest outstanding	-	0.52
	Balance outstanding	544.00	439.00

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

26. Segment Information for the year ended 31st March, 2016 as required by Accounting Standard-17 Segment Reporting

- (a) The Company is organized into three primary business segments mainly :
- i. Fertilizers and Chemicals
 - ii. Agri
 - 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	2015-16				2014-15			
	Fertilizers and Chemicals	Agri	Others	Total	Fertilizers and Chemicals	Agri	Others	Total
Revenue (net)								
External Sales/ Revenue	37,079.10	2,284.46	41.00	39,404.56	30,557.16	2,577.14	69.11	33,203.41
Results								
Segment Results	3,126.86	173.89	9.18	3,309.93	2,750.19	67.44	31.86	2,849.49
Unallocated Corporate Expenses (Net)				-				-
Operating Profits				3,309.93				2,849.49
Interest Expenses(Net)				2,974.66				3,017.11
Profit before Exceptional Items and Taxation				335.27				(167.62)
Exceptional items				-				-
Tax Expenses				169.60				(518.04)
Profit After Tax				165.67				350.42
Other Information								
Segment assets	36,865.40	2,732.95	319.90	39,918.25	36,338.17	3,027.19	342.14	39,707.50
Unallocated corporate assets				151.41				146.99
Total Assets				40,069.66				39,854.49
Segment liabilities	27,283.49	6.93	-	27,290.42	27,020.32	76.87	-	27,097.19
Unallocated corporate liabilities				58.37				143.74
Total Liabilities				27,348.79				27,240.93
Capital Expenditure	209.73	-	-	209.73	1,194.85	-	-	1,194.85
Unallocated Corporate Capital Expenditure				62.32				-
Total Capital Expenditure				272.05				1,194.85
Depreciation / Amortisation	581.20	222.77	22.24	826.21	559.71	247.47	22.24	829.42
Unallocated Corporate Depreciation				37.40				59.69
Total Depreciation /Amortisation				863.61				889.11
Non cash Expenditure other than Depreciation/ Amortisation	(65.02)	(0.00)	-	(65.02)	(28.99)	(1.27)	(0.35)	(30.61)
Unallocated Corporate Non Cash Expenses other than Depreciation / Amortisation				-				-
Total non cash expenditure other than Depreciation/ Amortisation				(65.02)				(30.61)

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

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

Particulars	Rs. in Lacs	
	31.03.2016	31.03.2015
Net Profit (Loss) after Tax	(165.67)	350.42
Weighted average number of equity shares outstanding (Nos.)	96,989,200	96,989,200
Earning per share (Basic/Diluted)	0.17	0.36
Facevalue	1.00	1.00

28. Derivative instruments and unhedged foreign currency exposure

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

Particulars	31.03.2016		31.03.2015	
	Amount in Foreign currency	Amount in Rs. Lacs	Amount in Foreign currency	Amount in Rs. Lacs
Amount payable on account of Import of goods and services USD/INR	-	-	368,347.98	230.55

(b) Derivatives outstanding as at the balance sheet date

Particulars	31.03.2016		31.03.2015	
	Amount in Foreign currency	Amount in Rs. Lacs	Amount in Foreign currency	Amount in Rs. Lacs
Forward Exchange Contracts outstanding				
USD/INR (Purchase)	18,991,400	12,597.55	9,434,454.28	5905.10
Cross Currency Interest Rate Swap (CCIRS)				
Notional amount 200 Lacs (Previous year Rs. 400 Lacs)	-	-	418,497.59	261.34

29. Contingent Liabilities not provided for :

S.No.	Particulars #	Rs. in Lacs	
		31.03.2016	31.03.2015
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	158.38	158.38
d	Entry Tax	28.38	28.38
e	Sales Trade Tax	-	1.00
f	Excise Duty	34.64	34.64
g	Income-Tax	5.05	1.52
h	Custom & Excise Duty	185.47	-

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

30. Estimated amount of Capital Commitments (net of advances) not provided for 24.32 20.95
31. Several Honourable High Courts have stayed the retrospective nature of amendment in the Payment of Bonus Act(Amendment),2015 with effect from 1st April, 2014. The Company has consequently not made any provision for Bonus for the year 2014-15 (Rs. 9.93 lacs) in the current financial year.
32. 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.
33. 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.
34. Other Current Assets include claims filed under Rajasthan Investment Promotion Scheme (RIPS), 2003 of Rs.6.27 Lacs (Previous year: Rs. 6.27 Lacs) pertaining to 2006-07 and 2007-08, which were refused by the appropriate authorities in view of introduction of Rajasthan Value Added Tax w.e.f. 1st April, 2006. But the Company has considered the amount as recoverable and filed an appeal with the Tax Board, Ajmer (Rajasthan).
35. The Company has not provided for Moping up of subsidy on raw materials of fertilizer as on 31.03.2011 in terms of Office Memorandum No. 23011/1/2010-MPR dated 11-07-2011 issued by the Ministry of Chemicals & Fertilizers, Govt. of India, being reconsidered vide their letter No 23011/1/2010-MPR(Pt) dated 22.08.2012 and decided not to effect recovery till a policy in this regard is formulated. This has strengthened the management's view for not providing the above liability.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Notes to financial statements for the year ended 31st March, 2016

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

S.No.	Particulars	2015-16		2014-15	
		% of total Consumption	Value Rs. in Lacs	% of total Consumption	Value Rs. in Lacs
i	Raw materials :				
	Imported	50.78%	10136.46	57.53%	12462.19
	Indigenous	49.22%	9826.04	42.47%	9201.76
	Total	100.00%	19962.50	100.00%	21663.95
ii	Components, Stores & Spares parts				
	Imported	-	-	-	-
	Indigenous	100.00%	2082.77	100.00%	1799.99
	Total	100.00%	2082.77	100.00%	1799.99

(b) Value of Imports calculated on CIF basis:

S. No.	Particulars	Rs. in Lacs	
		2015-16	2014-15
(i)	Raw Material	6,793.25	8,969.55

(c) Expenditure in Foreign Currency:

S. No.	Particulars	Rs. in Lacs	
		2015-16	2014-15
i	Interest on Foreign currency loan	141.75	78.11
ii	Bank Charges	2.79	-
	Total	144.54	78.11

37. Previous year figures have been re-arranged and/or regrouped wherever considered necessary

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

Per our report of even date attached

For and on behalf of Board

For : **S.S. Kothari Mehta & Co.**
Chartered Accountants
Firm Regn. No 00756N

HARISH GUPTA
Partner
Membership No.98336

Place: **Gurgaon**
Dated: **27.05.2016**

SHAILESH KHAITAN
(Chairman & Managing Director)

UTSAV KHAITAN
JAGDISH LAL JAJOO
(Whole Time Directors)

H.V. AGNIHOTRI
(President & Chief Financial Officer)

BALMUKUND DAKHERA
VIJAY GUPTA
VEENA CHADHA
(Independent Directors)

KAMLESH JOSHI
(Company Secretary & General Manager)

KHAITAN CHEMICALS & FERTILIZERS LIMITED



KHAITAN CHEMICALS & FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

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

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

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

ATTENDANCE SLIP

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 34th ANNUAL GENERAL MEETING of the Company held on Thursday, 11th day of August, 2016 at 1:00 P.M. at the Registered Office of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.).

*Applicable for investors holding shares in electronic form.

Signature of Shareholder / proxy

KHAITAN CHEMICALS & FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

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

PROXY FORM (MGT-11)

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

Name of the member (s): Registered address :	e-mail id : Folio No./ *Client Id: DP Id*
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I/We, being the member(s) of shares of Khaitan Chemicals & Fertilizers Limited, hereby appoint:

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th Annual General Meeting of the Company, to be held on **Thursday, 11th day of August, 2016 at 1:00 P.M.** at the Registered Office of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.) and at any adjournment thereof in respect of such resolutions as are indicated below:

*Applicable for investors holding shares in electronic form.

Resolutions
1. Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.
2. Declaration of Dividend on Equity Shares.
3. To appoint a director in place of Shri Jagdish Lal Jajoo (DIN : 02758763), Who retires by rotation and being eligible offers himself for re-appointment
4. Appointment of Auditors and fixing their remuneration.
5. Approval of the Remuneration of Cost Auditors.
6. Revision in Terms of Appointment of Shri Utsav Khaitan (DIN : 03021454)

Signed this day of, 2016.

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

Affix 1/-
Rupee
Revenue
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 34th Annual General Meeting.

BOOK-POST

To,

Blank area for recipient information.

