



KHAITAN
CHEMICALS & FERTILIZERS LIMITED

207, Sewa Corporate Park, Sector - 28, MG Road, Gurgaon - 122 002, Haryana, INDIA
Tel.: 91-124-4845777, E-mail: khaitan@kcfl.in Website: www.khaitanchemfert.com

KCFL/2019/

May 9, 2019

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

Sub: Outcome of Board Meeting.
Ref: Script Code: 507794.

Dear Sir/Madam,

In terms of the provisions of Regulation 30 read with Part - A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We wish to inform you that the Board of Directors of the Company has approved the Audited Financial Results for the year ended on March 31, 2019, in their meeting held on 09.05.2019. The details are as under:

The Company has posted a net profit of Rs.789.74 lacs for the year ended March 31, 2019 as compared to net profit of Rs.164.22 lacs for the year ended March 31, 2018. Total income has increased from Rs.35,628.77 lacs for the year ended March 31, 2018 to Rs.37320.34 lacs for the year ended March 31, 2019.

We are enclosing herewith a copy of Audited Financial Results for the year ended March 31, 2019 alongwith Independent Auditors Report and a declaration to the effect that the Auditor's Report contains an un-modified opinion.

We wish to further inform you that, the Board of Directors of the Company has recommended dividend of Re. 0.05 (5%) per equity share for the year 2018-19.

We wish to further inform you that the Company has re-appointed Shri Utsav Khaitan as the Whole Time Director of the Company, subject to the approval of Shareholders in forthcoming general meeting for a period of three years with retrospective effect from 01.04.2019 to 31.03.2022.

Further the Company has also re-appointed Ms. Veena Chadha as an Independent Woman Directors of the Company, subject to the approval of Shareholders in forthcoming general meeting for a period of five consecutive years commencing from 07.08.2019 to 06.08.2024.

The meeting of the Board of Directors commenced at 12:30 p.m. and concluded at 4:00 pm.

We request you to take the above information on your record.

Thanking you,

Yours faithfully,
for KHAITAN CHEMICALS & FERTILIZERS LTD.

(CS KAMLESH JOSHI)
Company Secretary & General Manager

H.O.: 301-308 Apollo Arcade, 1/2, Old Palasia, Indore-452 018 (M.P.)
Tel.:0731-4753666 Fax:0731-4753655 Email:khaitan@kcfl.in

Regd. Office: A.B. Road, Village, Nimrani, Distt. Khargone-451 659 (M.P.)
Tel.: 07285-265447/48 Fax: 07285-265449

Plant I : A.B. Road, Village Nimrani, Distt. Khargone-451 659 (M.P.) Tel.: 07285-265448 Fax: 07285-265449

Plant II : Village Goramachia, Jhansi-Kanpur Road, Jhansi-248 001 (U.P.) Tel.: 0510-2321160, 2320202 Fax: 0510-2320096

Plant III : Village Dhinva, Nimbahera, Chittorgarh (Rajasthan) Tel.: 01477-223222, 232700 Fax : 01477-232277

Plant IV : Plot No. A-1, U.P.S.I.D.C. Industrial Area, Malwan, Distt. Fatehpur-212 664 (U.P.) Tel.: 0518-248672

Plant V : Village Deosigaon, Industrial Area, Ratlam-457 001 (M.P.) Tel.: 07412-260930-31 Fax: 07412-261055

KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

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

Email: khaitanchemferts@gmail.com; Website: www.khaitanchemfert.com

Phone: 0731-4237926, 4753666; Fax: 0731-4753655



Statement of Audited Financial Results for the year ended March 31, 2019

(Rs. in Lakhs)

| Sl. No. | Particulars | Quarter Ended | | | Year Ended | |
|-----------|--|-----------------|-------------------|-----------------|------------------|------------------|
| | | March 31, 2019 | December 31, 2018 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| | | Audited* | Unaudited | Audited* | Audited* | |
| 1 | Income from operations | | | | | |
| | I. Net Sales / Income from operations | 8,822.93 | 8,104.66 | 9,238.54 | 37,259.83 | 35,483.68 |
| | II. Other income | 23.49 | 13.08 | (22.81) | 60.51 | 145.09 |
| | Total Income from Operations (I+II) | 8,846.42 | 8,117.74 | 9,215.73 | 37,320.34 | 35,628.77 |
| 2 | Expenses | | | | | |
| | (a) Cost of material consumed | 5,673.50 | 5,793.54 | 3,476.08 | 22,361.38 | 14,416.52 |
| | (b) Purchase of Stock in Trade | (1.82) | 0.60 | 2,390.40 | 15.34 | 5,490.34 |
| | (c) Changes in inventories of finished goods, stock in Trade and work in progress | (264.93) | (889.96) | 130.43 | (198.32) | 1,633.05 |
| | (d) Employees benefits expenses | 440.33 | 486.86 | 411.23 | 1,871.16 | 1,594.01 |
| | (e) Finance costs | 627.08 | 486.12 | 625.13 | 2,201.26 | 2,633.22 |
| | (f) Depreciation and amortisation expense | 222.37 | 219.84 | 218.92 | 875.66 | 870.65 |
| | (g) Excise duty | - | - | - | - | 159.87 |
| | (h) Other expenses | | | | | |
| | Outward transportation | 963.75 | 764.60 | 1,049.35 | 3,750.34 | 3,818.41 |
| | Others | 1,051.50 | 1,142.63 | 1,010.46 | 5,186.27 | 4,770.69 |
| | Total expenses | 8,711.78 | 8,004.23 | 9,212.00 | 36,063.09 | 35,386.76 |
| 3 | Profit/(loss) before exceptional items and tax (1-2) | 134.64 | 113.51 | 3.73 | 1,257.25 | 242.01 |
| 4 | Exceptional items | | | | | |
| 5 | Profit/(loss) before tax (3-4) | 134.64 | 113.51 | 3.73 | 1,257.25 | 242.01 |
| 6 | Tax Expense | | | | | |
| | 1) Provision for Current tax | 24.49 | 21.86 | 2.20 | 278.56 | 47.58 |
| | 2) Provision for Deferred tax | 69.24 | (66.85) | (90.86) | 176.08 | (18.59) |
| | 3) Earlier Year Tax | - | - | - | 12.87 | 48.80 |
| | Total tax expenses | 93.73 | (44.99) | (88.66) | 467.51 | 77.79 |
| 7 | Profit/(loss) for the period (5-6) | 40.91 | 158.50 | 92.39 | 789.74 | 164.22 |
| 8 | Other Comprehensive Income (OCI) | | | | | |
| | Items that will not be reclassified to profit or loss | | | | | |
| | Re-measurements gain/(loss) on defined benefit plans | (19.07) | 6.60 | 26.44 | 0.73 | 24.02 |
| | Tax on (i) above | 8.35 | (2.20) | (8.74) | (0.26) | (7.94) |
| | Changes in fair value of financial assets if designated to OCI | 54.32 | - | - | 54.32 | - |
| | Less: Deferred Tax on Changes in fair value of financial assets if designated to OCI | (5.45) | - | - | (5.45) | - |
| | Items that will be reclassified to profit or loss | | | | | |
| | Gains & (Losses) in Cash Flow Hedges | (2.55) | - | - | (2.55) | - |
| | Less: Tax Relating to items that will be reclassified to profit & Loss | 0.89 | - | - | 0.89 | - |
| | Total other comprehensive income, net of tax | 34.49 | 4.40 | 37.70 | 47.68 | 16.08 |
| 9 | Total Comprehensive Income for the period (7+8) | 75.40 | 162.90 | 130.09 | 837.42 | 180.30 |
| 10 | Paid-up equity share capital (Face Value Per Share Re. 1/-) | 969.89 | 969.89 | 969.89 | 969.89 | 969.89 |
| 11 | Other Equity (Reserves) | - | - | - | 12,841.78 | 12,067.87 |
| 12 | Earning Per Share (of Re. 1/- each) | 0.04 | 0.16 | 0.10 | 0.81 | 0.17 |
| | Basic and diluted | 0.04 | 0.16 | 0.10 | 0.81 | 0.17 |



Statement of Assets and Liabilities as at March 31, 2019

| | (Rs. in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| | Audited | Audited |
| ASSETS | | |
| Non-current Asset | | |
| Property, Plant and Equipment | 10,757.60 | 11,359.19 |
| Capital work-in-progress | 5.97 | 56.99 |
| Intangible assets | 2.34 | 25.06 |
| Financial Assets | | |
| i) Investments | 198.24 | 143.92 |
| ii) Loans | - | - |
| iii) Other Financial Assets | 354.49 | 353.46 |
| Income Tax Assets (Net) | 12.90 | 47.37 |
| Other non-current assets | - | - |
| | 11,331.54 | 11,985.99 |
| Current Asset | | |
| Inventories | 8,887.43 | 7,491.52 |
| Financial Assets | | |
| i) Trade receivables | 5,902.03 | 9,862.44 |
| ii) Government subsidies receivable | 6,500.96 | 7,416.44 |
| iii) Cash and cash equivalents | 33.01 | 30.01 |
| iv) Bank balances other (iii) above | 681.16 | 478.89 |
| v) Loans | 39.05 | 31.58 |
| vi) Other financial assets | 267.93 | 299.50 |
| Other current assets | 1,641.26 | 1,471.57 |
| | 23,952.83 | 27,083.95 |
| TOTAL | 35,284.37 | 39,069.94 |
| EQUITY & LIABILITIES | | |
| Equity | | |
| Equity share capital | 969.89 | 969.89 |
| Other equity | 12,841.78 | 12,062.82 |
| Total Equity | 13,811.67 | 13,032.71 |
| Non current liabilities | | |
| Financial liabilities | | |
| i) Borrowings | 3,136.42 | 4,214.02 |
| ii) Other financial liabilities | 98.86 | 97.24 |
| Provisions | 96.56 | 33.28 |
| Deferred tax liabilities (net) | 568.53 | 387.64 |
| | 3,900.37 | 4,732.18 |
| Current liabilities | | |
| Financial liabilities | | |
| i) Borrowings | 9,502.48 | 15,010.37 |
| ii) Trade payables | - | - |
| Total outstanding dues of micro enterprises and small enterprises | 10.88 | 64.91 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 5,081.14 | 3,830.57 |
| iii) Other financial liabilities | 1,789.29 | 1,559.56 |
| Other current liabilities | 1,140.04 | 723.10 |
| Provisions | 48.50 | 116.54 |
| | 17,572.33 | 21,305.05 |
| TOTAL | 35,284.37 | 39,069.94 |



| Sl. No. | Particulars | Quarter Ended | | | Year Ended | |
|---------|--|------------------|-------------------|------------------|------------------|------------------|
| | | March 31, 2019 | December 31, 2018 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| | | Audited* | Unaudited | Audited* | Audited* | |
| 1 | Segment Revenues (Net sale/Income from each segment) | | | | | |
| | a) Fertilizers and Chemicals | 8,699.35 | 7,963.54 | 6,548.62 | 36,657.38 | 31,513.72 |
| | b) Soya/ Agri | 137.81 | 150.80 | 2,663.52 | 580.93 | 4,045.64 |
| | c) Unallocated (others) | 9.26 | 3.40 | 3.59 | 82.03 | 69.41 |
| | Total | 8,846.42 | 8,117.74 | 9,215.73 | 37,320.34 | 35,628.77 |
| | Less: Inter Segment Revenue | | | | | |
| | Net Sales/ Income from operations | 8,846.42 | 8,117.74 | 9,215.73 | 37,320.34 | 35,628.77 |
| 2 | Segment Results (Profit/ (Loss) before tax and interest from each segment) | | | | | |
| | a) Fertilizers and Chemicals | 827.38 | 662.61 | 453.81 | 3,650.12 | 2,813.15 |
| | b) Soya/ Agri | (62.32) | (56.94) | 166.94 | (232.71) | 16.47 |
| | c) Unallocated (others) | (3.35) | (6.04) | 8.11 | 41.10 | 45.61 |
| | Total | 761.71 | 599.63 | 628.86 | 3,458.51 | 2,875.23 |
| | Less: i) Interest and other financial expenses | 627.08 | 486.12 | 625.13 | 2,201.26 | 2,633.22 |
| | ii) Other unallocated expenditure net of | | | | | |
| | iii) Unallocated income | | | | | |
| | Total Profit before tax | 134.64 | 113.51 | 3.73 | 1,257.25 | 242.01 |
| 3 | Segment Assets | | | | | |
| | a) Fertilizers and Chemicals | 32,584.73 | 31,320.51 | 35,423.21 | 32,584.73 | 35,423.21 |
| | b) Soya/ Agri | 2,163.05 | 2,232.96 | 3,208.44 | 2,163.05 | 3,208.44 |
| | c) Unallocated (others) | 536.59 | 395.10 | 438.29 | 536.59 | 438.29 |
| | Total | 35,284.37 | 33,948.57 | 39,069.94 | 35,284.37 | 39,069.94 |
| 4 | Segment Liabilities | | | | | |
| | a) Fertilizers and Chemicals | 21,288.65 | 17,545.48 | 24,981.93 | 21,288.65 | 24,981.93 |
| | b) Soya/ Agri | 15.30 | 2,403.35 | 890.89 | 15.30 | 890.89 |
| | c) Unallocated (others) | 168.75 | 236.95 | 164.41 | 168.75 | 164.41 |
| | Total | 21,472.70 | 20,185.78 | 26,037.23 | 21,472.70 | 26,037.23 |
| 5 | Capital Employed (3-4) | 13,811.67 | 13,762.79 | 13,032.71 | 13,811.67 | 13,032.71 |

Notes

* Refer note no. 5

- The above results were reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on May 9, 2019.
- The financial results for the year ended March 31, 2019 have been audited by the statutory auditors of the Company. The audit report does not contain any qualifications. The audit report will be filed with the Stock Exchange website-www.bseindia.com and will also be available on the Company's website-www.khaitanchemfert.com.
- Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, revenue from operations are disclosed net of GST. Accordingly, the revenue from operations and excise duty expenses for the year ended March 31, 2019 are not comparable with the previous periods presented in the results.
- The Company does not have any exports, hence reporting on secondary segment does not arise.
- The figures for the last quarter are the balancing figures between the audited figures in respect of full financial year and un-audited published figures in respect of the financial results upto the third quarter of the financial year.
- The Board of Directors of the Company has recommended a dividend @ Re.0.05 per share (5%) for the year 2018-19, subject to the approval of members of the Company.
- The figures for the corresponding period have been regrouped and reclassified wherever necessary to make comparable.

By order of the Board
for KHAITAN CHEMICALS AND FERTILIZERS LIMITED

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR
DIN : 00041247

Place: Gurugram
Date: May 9, 2019



Auditor's Report on Quarterly and Year Ended Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To Board of Directors of
Khaitan Chemicals And Fertilizers Limited

We have audited the accompanying statement of financial results of **Khaitan Chemicals And Fertilizers Limited** ('the Company') for the quarter and year ended March 31, 2019 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 & amendments thereto.

This statement which is the responsibility of Company's management and approved by the Board of Directors, has been compiled from the related statements which have been prepared in accordance with the recognition and measurement principles laid down in the prescribed Indian Accounting standards under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India.

Our responsibility is to express an opinion on these financial results based on our audit of such financial statement.

We conducted our audit in accordance with the standards on auditing issued by The Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s).

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

(i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 & amendments thereto in this regard; and

(ii) gives a true and fair view of the net profit, total comprehensive income and other financial information of the company for the quarter and the year ended 31st March 2019.



Further, the quarterly financial results for the quarter ended March 31, 2019 are balancing figures between the audited figures in respect of the year ended March 31, 2019 and the published year to date figures for the period 1st April 2018 to 31st December 2018, being the date of the end of third quarter of the current financial year, which were subjected to limited review in accordance with Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as issued by The Institute of Chartered Accountants of India.

For NSBP & Co.

Chartered Accountants

Firm's Registration No. 001075N



Deepak K. Aggarwal

Partner

M. No. 095541

Place : Gurgaon
Date : May 09, 2019


KHAITAN
 CHEMICALS & FERTILIZERS LIMITED

 207, Sewa Corporate Park, Sector - 28, MG Road, Gurgaon - 122 002, Haryana, INDIA
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 To,
 BSE Limited
 Phiroze Jeejeebhoy Towers,
 Dalal Street, Fort,
 MUMBAI-400 001

May 9, 2019

Declaration

{Pursuant to Regulation 33 (3) (d) of the SEBI
 (Listing Obligations and Disclosure Requirements) Regulations, 2015}

We do hereby declare and confirm that the Annual Audited Financial Statements for the year ended 31st March, 2019 do not contain any adverse remark / modified opinion / emphasis on matter, according to the Auditor's Report for that period.


Further we do hereby declare and confirm that the Audit Report for Annual Audited Financial Statements is issued with an unmodified opinion for the Financial Year ended March 31, 2019.

 for NSBP & CO.
 Chartered Accountants
 Firm's Registration No.: 001075N

for Khaitan Chemicals and Fertilizers Limited


 Deepak Aggarwal
 (Partner)
 Membership No.: 095541


 Shailesh Khaitan
 (Chairman & Managing Director)
 DIN: 00041247


 Hars Vardhan Agnihotri
 (President & CFO)
 PAN No. : ACXPA9315K


 Balmukund Dakhera
 (Chairman, Audit Committee)
 DIN: 05105269

 Place: Gurugram
 Date: 09.05.2019

 H.O.: 301-308 Apollo Arcade, 1/2, Old Palasia, Indore-452 018 (M.P.)
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KCFL/2019/

May 9, 2019

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

Dear Sir,

Sub.: Declaration pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Harsh Vardhan Agnihotri, President & Chief Financial Officer of Khaitan Chemicals and Fertilizers Limited (CIN: L24219MP1982PLC004937) having its Registered Office at A.B. Road, Village Nimrani Dist. Khargone- 451 569 (M.P.), hereby declare that, in terms of the proviso of Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016, vide Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016, the Statutory Auditors of the Company, M/s. N S B P & Co., Chartered Accountants, New Delhi, have issued the Audit Report for Annual Audited Financial Statements with an unmodified opinion for the Financial Year ended March 31, 2019.

This is for your information and record.

Thanking you,

Yours faithfully,
for KHAITAN CHEMICALS & FERTILIZERS LTD.


(HARSH VARDHAN AGNIHOTRI)
President & Chief Financial Officer

H.O.: 301-308 Apollo Arcade, 1/2, Old Palasia, Indore-452 018 (M.P.)
Tel.: 0731-4753666 Fax: 0731-4753655 Email: khaitan@kcfl.in

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHAITAN CHEMICALS AND FERTILIZERS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Khaitan Chemicals And Fertilizers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|---|
| 1. | <p>Recoverability position of trade receivables for newly explored markets.</p> <p>The company has material trade receivables amounting to Rs. 917.14 lakhs outstanding from more than one year.</p> <p>In past, the company has explored certain market against which recovery from trade</p> | <p><u>Principal Audit Procedures</u></p> <p>Our procedures on the management's assessment of exploring the new markets and realisation of trade receivables included:</p> <ul style="list-style-type: none"> Understanding and evaluating process and controls designed and implemented by the |

| | |
|---|---|
| <p>receivables are still outstanding. Also, recovery is dependent on adequacy of monsoon.</p> <p>As explained by the management that the establishing of a newly explored market takes time and in past monsoon was not adequate.</p> <p>Management has represented that the money will be realised, in due course.</p> | <p>management including testing of relevant controls;</p> <ul style="list-style-type: none"> • Gaining an understanding of the procedure adopted in exploring the market; • Obtaining sufficient audit evidence. <p>Based on the management estimate, representation received, and the audit procedure applied in respect of new market, we consider the management's assessment as reasonable.</p> |
|---|---|

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of



most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its financial statements – Refer Note 37 to the financial statements;



- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019

Place: New Delhi
Date: May 09, 2019



For NSBP & Co.
Chartered Accountants
Firm's Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541

Annexure A to the Independent Auditor's Report to the Members of Khaitan Chemicals and Fertilizers Limited on its financial statements dated May 09, 2019

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management according to the programme of periodical verification in phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies, if any, noticed on such physical verification have been properly dealt with in the books of accounts.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in the note 4 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 4 (b) & (c))

| Nature of Immovable Properties | No. of Properties | Gross Carrying Value (Rs. In Lakhs) | Net Carrying Value (Rs. In Lakhs) |
|--------------------------------|-------------------|--|--------------------------------------|
| Freehold Land | 2 | 57.47 | 57.47 |
| Leasehold Land | 1 | 24.86 | 16.22 |
| Total | 3 | 82.33 | 73.69 |

- ii. The inventory of the Company has been physically verified by the management during the year (except for stock of Rock Phosphate, Sulphur and Single Super phosphate for which stock is taken on estimation basis and for the stock in transit and stock lying with outside parties). In our opinion, the frequency of verification is reasonable, the discrepancies noticed on physical verification of the inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, the paragraph 3(iii)(a) to (c) of the Order is not applicable to the Company.
- iv. As per the information and explanation given to us and on the basis of our examination of the records, the company has complied with provision of section 185 and 186 of the Act, with respect to the loans and investment made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed 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. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- vii. (a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing its undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax and goods and service tax which have not been deposited on account of any dispute, except the following dues of service tax, income tax, duty of customs, value added tax and cess along with the forum where the dispute is pending as follows:

| Name of the statute | Nature of the dues | Amount (in Rs. lakhs) | Amount paid under protest (in Rs lakhs) | Amount outstanding (in Rs. lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---------------------------|-----------------------|---|-----------------------------------|------------------------------------|---|
| Mines and Minerals (Development and Regulation) Act, 1957 | Royalty on rock phosphate | 158.36 | 39.59 | 118.77 | 2004-05 | High Court, Rajasthan |
| Commercial Tax Act, 1994 | Purchase Tax | 63.38 | 63.38 | - | 2004-05 | High Court of Madhya Pradesh, Jabalpur |
| UP Trade Tax, 1948 | Trade Tax | 1.53 | 0.53 | 1.00 | 2006-07 | The Deputy Commission Commercial Tax-Jhansi |
| M.P. Entry Tax Act, 1976 | Entry Tax | 35.37 | 26.88 | 8.49 | 2007-08 | MP Commercial Tax Appellate Board, Bhopal |
| Custom Act, 1962 | Custom Duty | 185.47 | 13.91 | 171.56 | 2004-05 to 2008-09 | Commissioner Appeal, Mumbai |
| Income Tax Act, 1962 | Income Tax | 1.16 | - | 1.16 | 2009-10 | CIT (Appeal)- New Delhi |
| Income Tax Act, 1962 | Income Tax | 21.07 | - | 21.07 | 2017-18 | CIT (Appeal)- New Delhi |
| Income Tax Act, 1962 | Income Tax | 22.87 | - | 22.87 | For various year | TDS- CPC |
| U.P. Sales Tax | Sales Tax | 2.66 | - | 2.66 | 2011-12 | DY. Commissioner, Jhansi |
| U.P. Sales Tax | Sales Tax | 2.57 | - | 2.57 | 2012-13 | DY. Commissioner, Jhansi |
| U.P. Central Sales Tax, 1956 | Sales Tax | 0.69 | - | 0.69 | 2013-14 | DY. Commissioner, Jhansi |
| U.P. Entry Tax, 2007 | Entry Tax | 0.11 | - | 0.11 | 2013-14 | DY. Commissioner, Jhansi |



- viii. According to the information and explanations given to us and as per the books and records examined by us, in our opinion, the company has not defaulted in repayment of loans or borrowings to a financial institution and banks. The Company has not taken any loans from debenture holders and Government.
- ix. In our opinion and on the basis of information and explanations given to us, the company has not raised any monies by way of initial public offer or further public offer or term loan during the financial year, hence the related reporting requirement of the Order are not applicable.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- xii. The company is not a Nidhi company, hence the related reporting requirement of the Order are not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.
- xiv. As the Company has not made any preferential allotment and private placement of shares or fully & partly convertible debentures during the year under review, the requirement of section 42 of the Act are not applicable.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

Place: New Delhi
Date: May 09, 2019

For NSBP & Co.
Chartered Accountants
Firm Registration No. 001075N



Deepak K. Aggarwal
Partner
Membership No: 095541

Annexure B to the Independent Auditor's Report to the Members of Khaitan Chemicals and Fertilizers Limited ('the Company') on its financial statements dated May 09, 2019.

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of Khaitan Chemicals and Fertilizers Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in



accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2019, 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.

Place: New Delhi
Date: May 09, 2019

For NSBP & Co.
Chartered Accountants
Firm Registration No. 001075N



Deepak K. Aggarwal
Partner
Membership No: 095541