



Khaifan CHEMICALS AND FERTILIZERS LIMITED

CIN : L24219MP1982PLC004937

Apollo Arcade, 3rd Floor, 1/2, Old Palasia, Indore - 452018 (M.P.)

Phone : 0731-4753666, Fax :4753655, E-mail : secretarial@kcfl.in, Website : www.kcfl.co.in

KCFL/2022/

April 22, 2022

The Manager (Listing/Compliance)
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), MUMBAI- 400 001
NSE Symbol : **KHAICHEM**

The Manager (DCS/Compliance)
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, MUMBAI- 400 001
BSE Scrip Code : **507794**

Sub: Outcome of 3rd Board Meeting.

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, 2022, in their meeting held on 22.04.2022. The details are as under:

The Company has posted a net profit of Rs. 7,949.62 lacs for the year ended March 31, 2022 as compared to net profit of Rs. 2,486.70 lacs for the year ended March 31, 2021. Total income has increased from Rs. 48,137.57 lacs for the year ended March 31, 2021 to Rs. 82,503.66 lacs for the year ended March 31, 2022.

We are enclosing herewith a copy of Audited Financial Results for the year ended March 31, 2022 alongwith Independent Auditors Report and a declaration to the effect that the Auditor's Report contains an un-modified opinion.

In compliance with the provisions of Regulation 33(3)(d) of the LODR Regulations, the Company hereby declares that the Statutory Auditors, NSBP & Co., Chartered Accountants, New Delhi have issued the Audit Reports with unmodified opinion on Financial Results of the Company for the year ended March 31, 2022.

We wish to further inform you that, the Board of Directors have declared interim dividends of Re.0.15 (15%) per equity share in its meeting held on November 2, 2021. **The Board of Directors have also pleaded to recommend a final dividend of Re.0.15 (15%) per equity share in its meeting held on April 22, 2022**, taking the total dividend to Re.0.30 (30%) per equity share (face value of Re. 1/- per share) for the financial year 2021-2022, subject to approval of the Members of the Company in ensuing Annual General Meeting, previous year Re. 0.25 (25%) per equity share (face value of Re. 1/- per share).

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...2...

We wish to further inform you that the Board of Directors of the Company has Re-appointed Shri Jagdish Lal Jajoo (DIN: 02758763) as a Whole Time Director of the Company, subject to the approval of Shareholders in ensuing general meeting for a period of 3 (three) years commencing from 22.04.2022 to 21.04.2025.

The meeting of the Board of Directors commenced at 12:30 p.m. and concluded at 7:05 p.m.

This intimation is also being uploaded on the Company's website at <http://www.kcfl.co.in>

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

Thanking you,

Yours faithfully,

for KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CS KAMLESH JOSHI

(Company Secretary & Senior General Manager)

**KHAITAN CHEMICALS AND FERTILIZERS LIMITED**

CIN: L24219MP1982PLC004937

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

Email: secretarial@kcfli.in; Website: www.kcfli.co.in

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

Statement of Audited Financial Results for the quarter and year ended March 31, 2022

S. No	Particulars	(Amount Rs. in Lakhs)				
		Quarter ended			Year ended	
		March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
		Audited *	Unaudited	Audited *	Audited	Audited
	Continuing Operation					
1	Income					
	I. Revenue from operations	19286.05	27,310.27	10,366.18	82,377.79	48,083.82
	II. Other income	47.51	16.18	15.71	125.87	53.75
	Total Income (I+II)	19,333.56	27,326.45	10,381.89	82,503.66	48,137.57
2	Expenses					
	(a) Cost of material consumed	13798.10	15,836.01	6,042.79	52,028.23	25,063.06
	(b) Purchase of Stock in Trade	-	0.08	0.03	0.19	12.60
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(985.40)	711.82	(269.72)	(3,594.50)	1,299.50
	(d) Employees benefits expense	905.21	756.78	698.66	3,102.11	2,637.44
	(e) Finance costs	221.05	396.88	300.44	1,262.42	1,354.96
	(f) Depreciation and amortisation expense	195.09	175.49	172.24	733.76	657.52
	(g) Other expenses					
	Outward transportation	1891.76	2,385.43	1,248.71	7,610.84	5,611.65
	Others	2989.35	3,095.78	1,941.25	11,071.98	7,324.04
	Total expenses	19,015.16	23,358.27	10,134.40	72,215.03	43,960.77
3	Profit before exceptional items and tax (1-2) - Continuing operation	318.40	3,968.18	247.49	10,288.63	4,176.80
4	Exceptional items					
5	Profit before tax (3-4) - Continuing operation	318.40	3,968.18	247.49	10,288.63	4,176.80
6	Tax Expense					
	1) Current tax	(125.52)	1,100.81	51.18	2,630.03	804.93
	2) Deferred tax (Refer Note No.4)	113.87	13.13	38.55	(338.87)	669.54
	3) Tax adjustments for earlier years	24.77	(44.16)	7.47	(19.39)	7.78
	Total tax expenses of continuing operation	13.12	1,069.79	97.20	2,271.77	1,482.25
7	Profit for the period/year (5-6) - Continuing operation	305.28	2,898.39	150.29	8,016.86	2,694.55
	Discontinued operation (Refer Note 4)					
8	Profit/(loss) before tax for the period/year - discontinued operation	(21.27)	(2.18)	(62.56)	(89.86)	(319.50)
9	Total tax expenses/ (credit) of discontinued operation	5.35	0.55	21.97	22.62	111.65
10	Profit/(loss) after tax for the period/year (8-9) - discontinued operation	(15.92)	(1.63)	(40.59)	(67.24)	(207.85)
	Total Profit (7+10)	289.36	2,896.76	109.70	7,949.62	2,486.70
11	Other Comprehensive Income (OCI) including discontinued operation					
	Items that will not be reclassified to profit or loss					
	Re-measurements gain/(loss) on defined benefit plans	(28.05)	3.91	52.35	(16.32)	15.64
	Changes in fair value of financial assets	171.40	-	40.38	171.40	40.38
	Income tax on item that will not be reclassified to profit and loss	(10.15)	(0.98)	(22.35)	(13.10)	(9.52)
	Items that will be reclassified to profit or loss					
	Gains & (Losses) in Cash Flow Hedges	69.53	(54.17)	12.84	3.73	(193.20)
	Income Tax Relating to items that will be reclassified to profit & Loss	(17.50)	13.63	(4.48)	(0.94)	67.51
	Total other comprehensive income, net of tax	185.23	(37.61)	78.74	144.77	(79.19)
12	Total Comprehensive Income for the period/year (10+11)	474.59	2,859.15	188.44	8,094.39	2,407.52
13	Paid-up equity share capital (Face Value Per Share Re. 1/-)					
14	Other Equity (As per last audited Balance Sheet)	969.89	969.89	969.89	969.89	969.89
15	Earning Per Share (of Re. 1/- each) (not annualised)				24,255.66	16,452.25
	Basic and diluted - continuing operation (Rupees)	0.31	2.99	0.15	8.27	2.78
	Basic and diluted - discontinued operation (Rupees)	(0.01)	-	(0.04)	(0.07)	(0.22)
	Basic and diluted - continuing operation and discontinued operation (Rupees)	0.30	2.99	0.11	8.20	2.56



Segment Wise Revenues, Results, Assets & Liabilities:

The Company has obtained clearance for manufacturing of Speciality Chemicals, which are related to its existing products and accordingly, the Company has bifurcated its "Fertilizers and Chemicals" segment into "Fertilizers" and "Chemicals & Speciality Chemicals" segments by recognising it as a profit center, w.e.f. April 1, 2021 in accordance with Ind AS-108. The comparative figures for earlier periods have been accordingly restated.

Sl. No	Particulars	(Amount Rs. in Lakhs)				
		Quarter ended			Year ended	
		March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
	Audited *	Unaudited	Audited *	Audited	Audited	
1	Segment Revenues [Net sale/income from each segment]					
	a) Fertilizers	16078.81	24,499.68	7,835.77	72,493.65	42,098.43
	b) Chemicals & Speciality Chemicals	5309.73	6,268.14	3,166.24	18,512.44	10,138.76
	c) Unallocated (others)	-	-	-	26.42	6.01
	Total	21,388.54	30,767.82	11,002.01	91,032.51	52,243.20
	Less: Inter Segment Revenue	2054.98	3,441.37	620.12	8,528.85	4,105.63
	Sales/Income from continuing operation	19,333.56	27,326.45	10,381.89	82,503.66	48,137.57
	Sale/income from discontinued operations	0.60	0.02	167.20	198.83	629.74
	Net Sales/ Income from continuing and discontinued operations	19,334.16	27,326.47	10,549.09	82,702.49	48,767.31
2	Segment Results [Profit/ (Loss) before tax and interest from each segment]					
	a) Fertilizers	(135.77)	2,567.76	(260.74)	8,206.91	1,850.96
	b) Chemicals & Speciality Chemicals	675.27	1,797.30	805.13	3,477.00	3,699.57
	c) Unallocated (others)	-	-	3.54	(132.84)	(18.77)
	Total	539.50	4,365.06	547.93	11,551.07	5,531.76
	Less: i) Interest and other financial expenses (Continuing operations)	221.05	396.88	300.44	1,262.42	1,354.96
	ii) Other unallocated expenditure net off (Continuing operations)	-	-	-	-	-
	iii) Unallocated income (Continuing operations)	-	-	-	-	-
	Profit before tax (continuing operations)	318.45	3,968.18	247.49	10,288.65	4,176.80
	Profit/loss before tax (discontinued operations)	(21.27)	(2.18)	(62.56)	(89.86)	(319.50)
	Total profit before tax	297.18	3,966.00	184.94	10,198.79	3,857.30
3	Segment Assets					
	a) Fertilizers	50,233.62	53,343.46	31,690.44	50,233.62	31,690.44
	b) Chemicals & Speciality Chemicals	4,887.29	2,000.72	3,302.05	4,887.29	3,302.05
	c) Discontinued Operation	612.68	643.29	-	612.68	-
	d) Unallocated (others)	1,344.05	291.02	435.90	1,344.05	435.90
	Total	57,077.64	56,278.49	35,428.39	57,077.64	35,428.39
4	Segment Liabilities					
	a) Fertilizers	30,619.58	28,099.24	16,233.97	30,619.58	16,233.97
	b) Chemicals & Speciality Chemicals	71.59	309.02	260.91	71.59	260.91
	c) Discontinued Operation	7.38	13.12	-	7.38	-
	d) Unallocated (others)	1,153.55	3,106.16	1,511.38	1,153.55	1,511.38
	Total	31,852.09	31,527.54	18,006.26	31,852.09	18,006.26
5	Capital Employed (3-4)	25,225.55	24,750.95	17,422.14	25,225.55	17,422.14

Notes: *Refer note No. 6

- The above results were reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on April 22, 2022.
- The financial results for the quarter and year ended March 31, 2022 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 Exchanges website-www.bseindia.com & nseindia.com and will also be available on the Company's website-www.kcfl.co.in
- Based on the Company's performance, the Board of Directors have declared interim dividends of Re.0.15 per equity share (face value of Re. 1/- per share) in its meeting held on November 2, 2021. The Board of Directors have also proposed to recommend a final dividend of Re.0.15 per equity share (face value of Re. 1/- per share) in its meeting held on April 22, 2022, taking the total dividend to Re.0.30 per equity share (face value of Re. 1/- per share) for the financial year 2021-2022, subject to approval of the Members of the Company in ensuing Annual General Meeting, previous year Re. 0.25 per equity share (face value of Re. 1/- per share).
- The Board of Directors of the Company in continuation to in-principal approval accorded in their meeting held on September 24, 2021, has decided for the disposal of plant and machinery and other allied assets of soya plant excluding land & building. In accordance with requirements of Ind AS-105, the assets and liabilities of operations related to soya business are classified as held for sale as at March 31, 2022 and have been presented as discontinued operation. The previous period/year figures in financial results have also been re-grouped accordingly.
- Others includes Corporate Investments, Income Tax, Deferred Tax and Power business.
- 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 figures for the corresponding period have been restated wherever necessary to make comparable.

Place: New Delhi
Date: April 22, 2022



By order of the Board
for KHAITAN CHEMICALS AND FERTILIZERS LIMITED

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR
DIN : 00041247

Statement of Assets and Liabilities as at March 31, 2022

	As at March 31, 2022 Audited	As at March 31, 2021 Audited
ASSETS		
Non-current Asset		
Property, plant and equipment	9541.16	9,903.96
Right of use assets	617.71	47.91
Capital work-in-progress	525.98	42.62
Intangible assets	-	1.07
Financial Assets		
I) Investments	343.94	172.55
II) Other Financial Assets	425.38	357.84
Income Tax Assets (Net)	330.90	44.31
Other non-current assets	672.87	-
	<u>12457.94</u>	<u>10,570.26</u>
Current Asset		
Inventories	20928.27	11216.94
Financial Assets		
i) Trade receivables	3801.71	4362.29
ii) Cash and cash equivalents	4718.57	33.90
iii) Bank balances other (ii) above	1281.84	589.64
iv) Loans	32.55	7.93
v) Other financial assets	303.57	314.16
Other current assets	12940.51	8333.27
	<u>44007.03</u>	<u>24,858.13</u>
Assets or disposal group classified as held for sale	612.68	-
TOTAL ASSETS	<u>57077.64</u>	<u>35,428.39</u>
EQUITY & LIABILITIES		
Equity		
Equity share capital	969.89	969.89
Other equity	24,255.66	16,452.25
Total Equity	<u>25,225.55</u>	<u>17,422.14</u>
LIABILITIES		
Non current liabilities		
Financial liabilities		
I) Borrowings	710.93	1,904.20
II) Lease Liabilities	566.77	50.46
III) Other financial liabilities	46.91	55.06
Provisions	50.72	127.73
Deferred tax liabilities (net)	1,153.56	1,478.38
Other non-current liabilities	-	-
	<u>2,528.89</u>	<u>3,615.83</u>
Current liabilities		
Financial liabilities		
I) Borrowings	12,851.12	5,946.85
II) Lease Liabilities	83.20	3.14
III) Trade payables	-	-
Total outstanding dues of micro enterprises and small enterprises	11.68	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	9,874.85	4,767.77
III) Other financial liabilities	1,453.11	1,506.98
Other current liabilities	5,017.83	2,099.15
Provisions	24.03	66.53
	<u>29,315.82</u>	<u>14,390.42</u>
Liabilities directly associated with disposal group classified as held for sale	7.38	-
TOTAL EQUITY AND LIABILITY	<u>57,077.64</u>	<u>35,428.39</u>

By order of the Board
for KHAITAN CHEMICALS AND FERTILIZERS LIMITED

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR
DIN : 00041247

Place: New Delhi
Date: April 22, 2022



KHAITAN CHEMICALS AND FERTILIZERS LIMITED

Cash Flow Statement for the year ended March 31, 2022

(Amount Rs. in Lakhs)

Particulars	For the year ended March 31, 2022 (Audited)	For the year ended March 31, 2021 (Audited)
Cash flow from operating activities		
Profit/loss before tax from		
- Continuing operations	10,288.63	4,176.80
- Discontinued operation	(89.86)	(319.53)
Profit before tax	10,198.77	3,857.27
Adjustments to reconcile net profit to net cash by operating activities		
Depreciation and amortization expense	767.17	819.34
Provision no longer required written back	(54.83)	(2.42)
Net Profit/(Loss) on sale of property, plant and equipment	206.10	15.97
Net gain on account of foreign exchange	(3.73)	-
Provision for Doubtful debt/Subsidy / Advances/Bad debts w/off	215.89	108.18
Provision for Non Moving Inventory	-	2.04
Finance costs	1,262.41	1,354.96
Interest income	(55.80)	(47.61)
	12,535.98	6,107.73
Adjustments for:		
(Increase)/ decrease in inventories	(9,711.34)	72.74
(Increase)/ decrease in trade receivables	560.58	848.27
(Increase)/ decrease in short-term loans	(24.61)	33.70
(Increase)/ decrease in other financial current assets	43.05	481.78
(Increase)/ decrease in other current assets	(4,823.14)	1,713.01
(Increase)/ decrease in other non-current Financial assets	(1,027.01)	25.01
(Decrease)/ increase in short & long term provision	(119.50)	(1.34)
(Decrease)/ increase in other non current financial liabilities	(349.30)	4.29
(Decrease)/increase in trade payable	5,173.58	(399.96)
(Decrease)/ increase in other financial current liabilities	501.05	62.33
(Decrease)/ increase in other current liabilities	2,782.63	254.37
Cash (used in)/from operations	5,541.96	9,201.93
Direct taxes Paid (net of refund)	(2,844.85)	(767.20)
Net cash flow (used in)/from operating activities	2,697.11	8,434.73
Cash flow from investing activities		
Purchase of Property, plant and equipment, intangible assets including Capital work in progress	(1,476.43)	(471.12)
Proceeds from sale of Property, plant and equipment	128.54	(49.37)
Margin Money Deposits	(690.46)	(91.72)
Interest received	55.80	55.27
Net cash flow from/ (used in) investing activities	(1,982.55)	(556.94)
Cash flow from financing activities		
Repayments of non-current borrowings	(1,193.27)	(1,282.62)
Availment of current borrowing (Net)	6,904.26	(4,750.92)
Dividend Paid	(290.97)	(288.81)
Interest paid	(1,192.81)	(1,459.63)
Lease liabilities interest	(69.60)	(25.80)
Repayment of Lease Liabilities	(187.51)	(73.11)
Net cash Flow from/ (used in) financing activities	3,970.11	(7,880.89)
Net increase /(decrease) in cash and cash equivalent (A+B+C)	4,684.67	(3.09)
Cash and cash equivalent at the beginning of the year	33.90	36.99
Cash and cash equivalent at the end of the year	4,718.57	33.90
Components of cash and cash equivalent		
Cash on hand	4.81	9.47
With Bank - on current account	4,713.76	24.43
Total cash and cash equivalent	4,718.57	33.90

Note:

1. The above cash flow statement has been prepared under the indirect method as set out in Ind-AS 7 specified under section 133 of the Companies Act, 2013

2. Figures in brackets denote cash outflow.

3. For the purpose of the statement of cash flows cash and cash equivalent comprise the following

A. Continuing operations

Balances with Banks:

- On current account	13.75	24.42
- On deposit account	4700.00	0
- Cash on hand	4.81	9.47
Cash & cash equivalents as per note 11- Continuing operation (A)	4718.56	33.89

B. Discontinued operation(refer Note No 52)

Cash & cash equivalents - Discontinued operation (B)	0.01	0.01
-Cash & cash equivalent as per cash flow statement (A+B)	4718.57	33.90



By order of the Board
for KHAITAN CHEMICALS AND FERTILIZERS LIMITED

(SHAILESH KHAITAN)



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April 22, 2022

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Dalal Street, **MUMBAI- 400 001**
BSE Scrip Code : **507794**

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, 2022.

This is for your information and record.

Thanking you,

Yours faithfully,

for KHAITAN CHEMICALS AND FERTILIZERS LIMITED

(HARSH VARDHAN AGNIHOTRI)
President & Chief Financial Officer



Khaitan CHEMICALS AND FERTILIZERS LIMITED

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April 22, 2022

The Manager (Listing/Compliance)
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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 March 31, 2022 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, 2022.

for NSBP & Co.
Chartered Accountants

Firm's Registration No.: 001075

Deepak K. Aggarwal
(Partner)

Membership No.: 095541



for Khaitan Chemicals and Fertilizers Limited

Shailesh Khaitan
(Chairman & Managing Director)
DIN: 00041247

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

BALMUKUN
D DAKHERA

Balmukund Dakhera
(Chairman, Audit Committee)
DIN: 05105269

Date: 22.04.2022

Gurugram Office:
202-203, 2nd Floor, Sewa Corporate Park
M.G. Road, Sector 28,
Gurugram-122 002 (Haryana)

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

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, 2022, 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 a summary of significant accounting policies and other explanatory information including notes to the financial statements (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, as amended ("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, thereof ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, 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 ethical 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 obtained by us 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. 516.17 lakhs outstanding from more than one year.</p> <p>In past, the company has explored certain market against which recovery from trade 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>As per the prevailing policy the company has made the adequate provision for expected credit loss.</p> <p>Management has represented that the money will be realised, in due course.</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 management including testing of relevant controls; • Gaining an understanding of the procedure adopted in exploring the market; • Obtaining sufficient audit evidence of receipts subsequent to the yearend from the customers. • Assessed management's assumptions used to analyse the recoverability of trade receivables, • Through analyses of ageing of receivables, assessment of significant overdue trade receivables and the provision for impairment of credit receivable as made by the company. <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 other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance 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 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 Responsibilities 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, thereof.

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; 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 is 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 scepticism 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 control 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 the 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 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, 2020 ("the Order") issued by the Central Government of India 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 cash flow and the statement of changes in equity 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 Companies (Indian Accounting Standards) relevant Rules, 2015, as amended, thereof;
 - e) On the basis of the written representations received from the directors as on March 31, 2022 and taken on



record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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; and

- 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, 2022 on its financial position in its financial statements – Refer Note 36 to the financial statements;
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts; 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, 2022.
 - iv. (a) The Management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds (which are material either individually or in aggregate) have been received by the company from any person(s) or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on our audit procedure conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation under sub-clause (i) and (ii) of Rule 11 (e) as provided under paragraph (2) (h) (iv) (a) & (b) above, contain any material misstatement.



- v. As stated in Notes 18 to the financial statements:
- (a) The final dividend proposed in the previous year, declared and paid by the company during the year is in accordance with Section 123 of the Act, as applicable.
 - (b) The interim dividend declared and paid by the company during the year and until the date of this report is in compliance with Section 123 of the Act.
 - (c) The Board of Director of the Company have proposed final dividend for the year, which is subject the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

Place: New Delhi
Date: April 22, 2022

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



Deepak K. Aggarwal
Partner
Membership No: 095541
UDIN :22095541AHPLWM7149

Annexure A to the Independent Auditor's Report to the members of Khaitan Chemicals and Fertilizers Limited on its financial statements dated April 22, 2022.

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2020 ("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.

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and relevant details of right-of use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and right-of use 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 property, plant and equipment. 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 Property, plant and equipment 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 sub -clause (iii) of Note 4}

Description of Property	Gross carrying value (Rs. In lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of Company
Lease hold Land at Malwan (U.P.)	24.87	Mahadeo Fertilizer Ltd	No	12.04.2006	Dispute with State Government / UPSIDC relating to stamp duty Court case filed with Hon'ble High Court, Allahabad
Free Hold Land at Jhansi (U.P.)	4.23	Shriniwas Fertilizers Ltd	No	28.02.2003	Dispute with State Government / UPSIDC relating to stamp duty.
Free Hold Land at Nimrani (M.P.)	3.95	Ratlam Fertilizers Ltd	No	17.07.1986	Company has change its name from Ratlam Fertilizers Limited to Khaitan Chemicals and Fertilizers Limited but revenue authority has not change the name as on the date.



- (d) The Company has not revalued its property, plant and equipment (including right-of use assets) and intangible assets during the year.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- 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, the discrepancies noticed on physical verification of the inventory as compared to book records in each class of inventory is less than 10% and have been properly dealt with in the books of accounts.
- (b) As disclosed in note 23 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are not in agreement with the books of accounts of the Company and the details are as follows:

Quarter ending	Value per books of account	Value per quarterly return/statement filed with lenders	Difference	Reason for discrepancies
June 30, 2021	24287.94	22468.00	1819.94	As explained by the management, the discrepancies is on account of statement filed with the lenders on financial statement prepared on provisional basis and also certain current assets are not being considered in the statement.
September 30, 2021	28717.17	25315.00	3402.17	
December 31, 2021	23360.31	21282.00	2078.31	
March 31, 2022	23828.35	22981.85	846.50	

- iii The Company has not made any investment, provided any security or guarantee or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms and limited liability partnership or any other parties covered. Accordingly, reporting under clause (iii) (a) to (f) of the Order are not applicable to the company.
- iv In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Sections 185 and 186 of the Act, with respect to loans and investment made.
- v According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under. Accordingly, reporting under clause (v) of the Order is 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 material 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 duty of excise, service tax and goods and service tax which have not been deposited on account of any dispute, except the following dues of income tax, sales-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	Gross Amount in dispute (in Rs. lakhs)	Amount deposited (in Rs lakhs)	Net 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	Honourable Supreme Court, Delhi
Commercial Tax Act, 1994	Purchase Tax	64.20	63.38	0.82	2004-2005	High Court of Madhya Pradesh, Jabalpur
UP Trade Tax, 1948	Trade Tax	1.53	1.08	0.45	2006-07	The Deputy Commission Commercial Tax- Jhansi
Custom Act, 1962	Custom Duty	185.47	18.54	166.93	2004-05 to 2008-09	Commissioner Appeal, Mumbai
Central Sales Tax, 1956	Sales Tax	13.80	-	13.80	2017-18	Corporate Circle, Jhansi
U.P. Sales Tax	Sales Tax	4.97	-	4.97	2016-17	Joint Commissioner, Jhansi
Central Sales Tax, 1956	Sales Tax	0.25	-	0.25	2016-17	Corporate Circle, Jhansi
U.P. Sales Tax	Sales Tax	19.18	-	19.18	2017-18	Joint Commissioner, Jhansi



The Gujarat Value Added Tax Act, 2003	Sales Tax	21.18	1.34	19.84	2016-17	Department of commercial tax, Gujarat
The Gujarat Value Added Tax Act, 2003	Sales Tax	56.84	5.94	50.90	2017-18	Department of commercial tax, Gujarat
Income Tax Act, 1962	Income Tax	1.16	-	1.16	2009-10	CIT (Appeal)- New Delhi
Goods and Service Tax Act	GST	1.72	1.72	-	2020-21	GST office – Indore
Goods and Service Tax Act	GST	0.64	0.64	-	2019-20	GST office – Jhansi
Goods and Service Tax Act	GST	0.40	0.40	-	2020-21	GST office – Fatehpur (UP)
Income Tax Act, 1962	Income Tax	84.89	16.98	67.91	2011-12	CIT (Appeal)- New Delhi
Income Tax Act, 1962	Income Tax	22.77	-	22.77	2016-17	CIT (Appeal)- New Delhi
Income Tax Act, 1962	Income Tax	23.51	-	23.51	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
The Madhya Pradesh Value Added Tax Act, 2002	Sales Tax	0.35	0.03	0.32	2009-2010	Deputy Commissioner, Ratlam
The Madhya Pradesh Value Added Tax Act, 2002	Sales Tax	1.36	0.14	1.22	2010-2011	Deputy Commissioner, Ratlam
U.P. State Industrial Development Corporation, Kanpur	Stamp Duty charges	258.34	-	258.34		Honourable High Court, Allahabad, Uttar Pradesh
Labour laws	Labour compensation	0.80	0.80	0.00		Assistant labour commissioner Malwan
Labour laws	Labour compensation	5.20	5.20	0.00		Assistant labour commissioner Malwan

viii. According to the information and explanations given to us, Company has not surrendered or disclosed any transaction, previously unrecorded in the books of accounts, in the tax assessments under the Income Tax Act, 1961, as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.



- ix (a) 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 other borrowings or in the payment of interest thereon to any lender including the loans and interest which are repayable on demand.
- (b) According to the information and explanations given to us and the records of the Company examined by us including representation received from the management, the Company has not been declared wilful defaulter by any bank, financial institution or other lenders or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, prima facie, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix) (e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix) (f) of the Order is not applicable to the Company.
- x (a) According to the information and explanations given to us and as per the books and records examined by us, the company has not raised money by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under clause (x) (a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and as per the books and records examined by us, the company has not made any preferential allotment or private placement of shares or convertible debentures during the year. Accordingly, reporting under clause (x) (b) of the Order is not applicable to the Company.
- xi (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company has been noticed or reported during the year. Accordingly, reporting under clause (xi) (a) and (b) of the Order is not applicable to the Company.
- (c) According to the information & explanations and representation made by the management, no whistle-blower complaints have been received during the year (and upto the date of the report) by the company.
- xii in our opinion, the Company is not a Nidhi Company. Accordingly reporting under clause (xii) (a) to (c) of the Order is not applicable to the Company.
- xiii According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.
- xiv (a) The Company has an internal audit system commensurate with the size and nature of its business.
(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- 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 and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.



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- xvi (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi) (a) to (c) of the Order is not applicable to the Company.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under Clause 3 (xvi) (d) of the Order is not applicable.
- xvii In our opinion, and according to the information and explanations provided to us, The Company has not incurred cash losses in the current financial year and in the immediate preceding financial year.
- xviii There has been no resignation of the statutory auditors during the year. Accordingly, provisions of clause (xviii) of the Order are not applicable to the Company.
- xix According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 52 to the financial statements.
- (b) There are no unspent amounts and ongoing projects in the Company, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act.

Place: New Delhi
Date: April 22, 2022

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


Deepak K. Aggarwal
Partner

Membership No: 095541
UDIN: 22095541AHPLWM7149

"Annexure B" to the Independent Auditor's Report to the members of Khaitan Chemicals and Fertilizers Limited ('the Company') on its financial statements dated April 22, 2022.

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, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management and 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 prescribed 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 controls system over financial reporting and such internal controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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: April 22, 2022

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



Deepak K. Aggarwal
Partner

Membership No: 095541
UDIN: 22095541AHPLWM7149

Independent Auditor's Report on the Quarterly and Year to Date Audited Financial Results of Khaitan Chemicals And Fertilizers Limited, Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To
The Board of Directors of
Khaitan Chemicals And Fertilizers Limited,
Indore.

Report on the Audit of the Annual Financial Results

Opinion

We have audited the accompanying annual financial results of **Khaitan Chemicals And fertilizers Limited** (the "Company") for the quarter ended March 31, 2022 and the year to date results for the period April 01, 2021 to March 31, 2022 ("the Statement") attached herewith, being prepared and submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

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

- (i) is presented in accordance with the requirements of the Listing Regulations in this regard; and
- (ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India, of the net profit, total comprehensive income and other financial information of the Company for the quarter ended March 31, 2022 and the year to date results for the period April 01, 2021 to March 31, 2022.

Basis for Opinion

We conducted our audit of the Statement in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" 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 ethical requirements that are relevant to our audit of the Statements under the provisions of the Act and the Rules 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management and Board of Director's Responsibilities for the Annual Financial Results

The Statement, which is the responsibility of the Company's management and approved by the Board of Directors has been prepared on the basis of the annual financial statements.

The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of



the Act, read with relevant Rules issued thereunder and other accounting principles generally accepted in India and in compliance with the Listing Regulations.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

As part of an audit in accordance with Standard on Auditing's' (SA), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, 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 control 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 with reference to financial statements 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 the Management and Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under the Listing Regulations.
- Conclude on the appropriateness of the Management and Board of Directors' 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 results 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Statement of the company to express an opinion on the annual financial results.

Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results 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 Standalone Financial Results.

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.


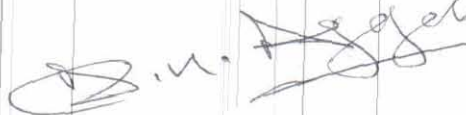
Other matter

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the financial year ended March 31, 2022 and the published unaudited year to date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

Our opinion is not modified in respect of above matter.

Place : New Delhi
Date : April 22, 2022

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



DEEPAK K. AGGARWAL
Partner
Membership No. 095541
UDIN: 22095541AHPNBZ4655