





KHAITAN CHEMICALS & FERTILIZERS LIMITED

ANNUAL GENERAL MEETING :

Date : 30th July, 2010
Day : Friday
Time : 1.00 P.M.
Place : Registered Office

BOARD OF DIRECTORS :

Shailash Khaitan : Chairman & Managing Director
J.L. Jajoo : Director
O.P. Bagla : Director
Dr. P. Goyal : Director

REGISTERED OFFICE :

A. B. Road, Village Nimrani,
Tehsil Kasrawad,
Dist. Khargone - 451 569 (M.P.)

PRESIDENT & SECRETARY:

R.S. Vijayvargiya

INDORE OFFICE :

301-308, Apollo Arcade,
1/2, Old Palasia,
Indore - 452 018 (M.P.)

AUDITORS :

S. S. Kothari Mehta & Co.
146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road,
New Delhi-110 065

DELHI OFFICE :

201, Skipper House,
62-63, Nehru Place,
New Delhi-110 019

SOLICITORS :

Khaitan & Partners,
Himalaya House, 23, Kasturba Gandhi Marg,
New Delhi-110 001

KOLKATA OFFICE :

46-C, Rafi Ahmed Kidwai Road,
3rd Floor,
Kolkata-700 016

BANKERS :

State Bank of India
State Bank of Indore
IDBI Bank Ltd.

WORKS :

- Fertilizer & Chemicals Division:**
1. A.B. Road,
Village Nimrani, Tehsil Kasrawad,
Dist. Khargone-451 569 (M.P.)
 2. Village Goramachia, Kanpur Road,
Jhansi-248 001 (U.P.)
 3. Village Dhinva, Tehsil Nimbahera
Dist. Chittorgarh-312 601 (Rajasthan)
 4. A-1, UPSIDC Industrial Area,
Village Malwan,
Dist. Fatehpur-212 664 (U.P.)

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Soya Division (Khaitan Agro):

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

Listing of Shares :

The Bombay Stock Exchange Ltd. (B.S.E.)
Stock Code: 507794
ISIN No.: INE745B01010 (NSDL & CDSL)

Note : As per SEBI Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 it will be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares in physical form of listed companies. In absence of above transfers will be liable to be rejected. Shareholders are therefore required to submit transfer deed alongwith a copy of PAN Card for transfer of shares.



NOTICE

NOTICE is hereby given that the **TWENTY EIGHTH ANNUAL GENERAL MEETING** of **KHAITAN CHEMICALS & FERTILIZERS LIMITED** will be held at the registered office of the Company at A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone, Madhya Pradesh on Friday, 30th day of July, 2010 at 1.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited statement of accounts for the year ended 31st March, 2010 and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2010.
3. To appoint a director in place of Dr. P. Goyal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

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

"RESOLVED THAT pursuant to provisions of sections 198, 269, 309, 310, read with part I and II of Schedule XIII and other applicable provisions of Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to approval of Banks, as may be required, the Company hereby approves the terms of appointment and remuneration of Shri Shailesh Khaitan, which has been approved by the Board of Directors of the Company as Chairman & Managing Director for a period of three years w.e.f. 01.04.2009 in accordance with the provisions specified in part I & II of Schedule XIII to the Companies Act, 1956 on the terms & conditions including remuneration as are set out in the explanatory statement attached to the Notice convening this Annual General Meeting a copy where of initialed by the Chairman for the purposes of identification is placed before this meeting, be and the same is hereby approved, with such modifications as may be agreed to by the Board of Directors of the Company and Shri Shailesh Khaitan."

Registered Office: A. B. Road, Village-Nimrani, Dist. Khargone-451 569 (M.P.)
Dated : May 14, 2010

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

NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and such proxy need not be a member of the Company. Proxy Form must be received at the Company's Registered Office at least 48 hours prior the meeting.**
2. Member(s)/Proxies are requested to bring the attendance slip annexed herewith, duly filled in, for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd July, 2010 to 30th July, 2010, both days inclusive.
4. Members are requested to notify to the Company

immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.

5. Non-resident members are requested to immediately notify: - (i) change in their residential status on return to India for permanent settlement; and (ii) particulars of NRE account, if not furnished earlier.
6. Members who are holding shares in identical names in more than one folios, are requested to write to the Company/Ankit Consultancy Pvt. Ltd., the Registrar and share transfer agent, to consolidate their holding in one folio.
7. Shareholders who are still holding physical share certificate are advised to dematerialise their shareholding to avail benefit of dematerialisation.
8. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2002-03 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to section 205C of the Companies Act, 1956.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the President & Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
10. Profiles of directors being re-appointed, as required under Clause 49 of the Listing Agreement, are annexed hereto and form part of the Notice.
11. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed.

EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF THE COMPANIES ACT 1956:

Item No. 5

Shri Shailesh Khaitan was re-appointed as Managing Director in 28th Annual General Meeting of the Company w.e.f. April 25th 2007 for a period of 5 years. However, due to stringent business conditions, Shri Shailesh Khaitan voluntary agreed for lower remuneration w.e.f. 01.04.2009.

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

The Board of Directors of the Company at its meeting held on 14th May, 2010 has therefore revised the term of appointment of Shri Shailesh Khaitan as Chairman & Managing Director of the Company subject to the approval of members and shareholders of the Company in ensuing annual general meeting for a period of three years w.e.f. 01.04.2009, at the remuneration, in accordance with the norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

Remuneration, benefits and perquisites:

i. Salary:

Rs. 4,00,000/- (Rupees Four lacs) per month, with an annual increment of Rs. 40,000/- per month. Salary will be subject to the deduction of Income tax at the applicable rates, under the Income Tax Act, 1961.



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ii. Contribution to Provident Fund:

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

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

iii. Commission:

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

iv. Perquisites

a) Housing:

- (i) Expenditure incurred by the Company on hiring accommodation for the Managing Director will be subject to 60% of the salary.
- (ii) If the Company does not provide accommodation to the managing director, house rent allowance will be paid by the Company to the managing director subject to the ceiling mentioned hereinabove.
- (iii) If accommodation in the Company's owned house is provided, the managing director shall pay to the Company by way of rent i.e. 10% of the salary.
- (iv) The expenditure incurred by the Company on gas, electricity, water and furnishings provided to him will be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of the salary.

b) Medical Reimbursement:

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

c) Leave and Leave Travel Concession:

Leave Travel Concession for self and family, subject to the ceiling of one month's salary.
Earned privilege leaves on full pay and allowance as per the rules of the Company subject to the condition that leave accumulated but not availed of shall not be allowed to be encashed.

d) Club Fees:

Shri Shailesh Khaitan shall be entitled to the

reimbursement of fees of any two clubs in India. This will not include admission and life membership fee.

e) Personal Accident Insurance:

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

f) Car & Telephone:

- (i) Free use of Company's car for the Company's business
- (ii) Personal long distance call on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

v) Limits on Remuneration:

The remuneration as specified in clauses above shall be subject to the overall limits as specified under sections 198, 269, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956.

vi) Minimum Remuneration:

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

vii) Sitting Fees:

Shri Shailesh Khaitan shall not be paid sitting fees for attending the meetings of the Board of Directors of the Company. Shri Shailesh Khaitan is not liable to retire by rotation during his tenure as Chairman & Managing Director.

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

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

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

Registered Office:
A. B. Road, Village-Nimrani,
Dist. Khargone - 451 569 (M.P.)
Dated : May 14, 2010

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

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

Name of Director	Dr. P. Goyal	Shri Shailesh Khaitan
Age	66 years	54 years
Qualification	BSc Tech. (Chemicals Engineering) and Ph.D in Chemical Engineering	B. Com (Hons.)
Date of Appointment	16 th July, 1999	1 st September, 1984
Expertise	Excellent General Management Skills & Vast Project Consulting Experience.	Industrialist
Other Directorships (excluding Pvt. Companies) as on 31 st March, 2010	Nil	1. Shradha Projects Ltd. 2. Tribhuvan Properties Ltd.
Chairman / Member of the Committees as on 31 st March, 2010	Khaitan Chemicals & Fertilizers Ltd. Member : 1. Audit Committee 2. Shareholder's/ Investor's Grievance Committee	Nil

KHAITAN CHEMICALS & FERTILIZERS LIMITED



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 28th annual report of the Company and audited statement of accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2010 is summarised below:

	2009-2010	2008-2009
Profit before interest and depreciation	876.88	4481.66
Less: Interest & financial expenses	101.63	1963.59
Cash profit before tax	775.25	2518.07
Less: Depreciation	702.86	683.77
Misc. expenses written off	0.56	1.35
Prior period adjustments	35.02	202.94
Profit before taxation	36.81	1630.01
Less: Provision for taxation (incl. FBT and deferred tax)	(61.19)	561.04
Short provision for taxation - earlier years	17.32	42.26
Profit after taxation	80.68	1026.71
Add: Transfer from Capital Subsidy	2.83	2.09
Net Profit	83.51	1028.80
Add: Profit brought forward from previous year	2309.27	1584.72
Amount available for appropriations	2392.78	2613.52
Less: Transfer to-		
General reserve	100.00	100.00
Proposed dividend	116.39	174.58
Corporate tax on dividend	19.78	29.67
Balance carried forward to Balance Sheet	2156.61	2309.27

REVIEW OF OPERATIONS

Fertilizer & Chemicals Division:

The year 2009 began with falling prices of Rock Phosphate, which resulted in low subsidy on inventory. Clubbed with under recoveries, the falling prices caused operating losses in the first half.

From 1st October, 2009, the subsidy policy was changed and an 'ad hoc fixed subsidy' alongwith free MRP were made applicable only for SSP fertilizer. This made SSP costlier in relation to other phosphatic fertilizers.

However, finally and thankfully, the Government of India has now implemented the 'Nutrient Based Subsidy Policy' (NBS) for 'P' & 'K' Fertilizer w.e.f. 01.04.2010. Even though the NBS policy was announced in February, 2010, and made effective for all the Fertilizers excepting SSP on 4.03.2010, it was made applicable on Single Super Phosphate only from 01.05.2010 after a considerable delay. This has resulted in low sales volume during last quarter of the year. Further, in the implementation of 'NBS' policy, increased MRP has been allowed to all the other fertilizers, while in case of SSP, MRP has come down by 20-25%.

During the year 2009-10, the Company has produced 3,32,543 MT (previous year: 2,26,000 MT) Single Super Phosphate and sold 2,44,520 MT (previous year: 2,20,259 MT)

With the strengthening of Indian Rupee, the Company has gained Rs.774.21 lacs on account of foreign exchange

fluctuations as compared to loss of Rs.794.79 lacs in the previous year 2008-09.

The NBS policy has offered the SSP Industry a near level playing field, but challenges remain with undue favour to other Phosphatic fertilizers, however the Company is determined to perform better in the following year.

Soya Division:

In view of total speculative behavior in the market, leading to lack of upfront crushing margin during the year and virtually no significant business activities have taken place. The situation was unprecedented in the history, which resulted in piling up of inventory of Oilseeds (Rapeseed/Muster Seed/Soybean) with farmers/traders. The price of Soybean had steeply reduced to Rs. 20390/- per ton on 31.03.2010 from Rs. 24260/- per ton on 02.12.2009.

The cautious approach opted by the Management, had proved to be a right decision.

DIVIDEND

The Board of Directors is pleased to recommend dividend of Rs.1.20 per share as compared to Rs.1.80 per share paid in the previous year.

PROJECT & FINANCE

The Company has taken manufacturing facilities of Single Super Phosphate on toll basis, in Rajasthan, for 5 years commencing from 2010-11. The same is being financed with internal accruals.



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The project for manufacturing of Single Super Phosphate at Dahej, Gujarat is awaiting statutory environmental clearance to start further.

FIXED DEPOSITS

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

AUDITORS & AUDIT REPORT

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

Regarding qualification remark under para vi of the Auditors' Report, the Management is of the view that there is no material liability in case of gratuity & leave encashment. All other notes on accounts referred to and the Auditors' Report are self-explanatory and therefore do not call for any explanatory note.

COST AUDIT

The Board of Directors, in pursuance of an order under section 233B of the Companies Act, 1956, issued by the Central Government, has appointed M/s. M. P. Turakhia & Associates, Cost Accountants, Indore as Cost Auditors to conduct audit of the cost accounts maintained by the Company in respect of Fertilizer and Sulphuric Acid products for the financial year 2010-2011.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed in **Form-A** and forms part of the report.

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

FOREIGN EXCHANGE EARNING AND OUTGO

The Company has earned Rs. NIL on export of goods (Previous year Rs. NIL) and incurred Rs. 10151.76 lacs (Previous year Rs. 3760.52 lacs) on import of Raw Materials, Fees & Subscription and Interest on Foreign Currency Loan.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the articles of association of the Company, Dr. P. Goyal, the director of the Company is due to retire at forthcoming annual general meeting, and being eligible, has offered himself for re-appointment.

Particulars of the director seeking re-appointment are provided in the notes forming part of the notice for the ensuing Annual General Meeting, as required under Clause 49 of the listing agreement with the stock exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as the 31st March, 2010 and of the Profit of the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forming part of Directors' Report for the year under review, in accordance with Clause 49 of the listing agreement with stock exchanges, is given in **Annexure - B**.

CORPORATE GOVERNANCE

The Company attaches considerable significance to good Corporate Governance as an important step towards building investors' confidence, improve investors' protection and maximizing long-term shareholder's value. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Compliance Report on Corporate Governance and Auditors' Certificate regarding compliance of conditions of Corporate Governance is given in **Annexure - C**.

LISTING OF SHARES

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

The Company has made all the compliances of Listing Agreement including payment of annual listing fees up to 31st March, 2010 to the BSE.

PARTICULARS OF EMPLOYEES

Information as per the requirement of Section 217(2A) of the Companies Act, 1956 is given in Annexure-A.

ACKNOWLEDGEMENT

The Board of Directors, would like to record their sincere appreciation for the support and co-operation that your Company received by the State Bank of India, State Bank of Indore, IDBI Bank Ltd., various departments/ agencies of Central/State Govt., members, customers, suppliers, employees and other business associates of the Company

For and on behalf of the Board

Place: New Delhi
Dated: 14.05.2010

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Annexure - 'A'

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

A) POWER & FUEL CONSUMPTION:

	Current Year	Previous Year
1. Electricity:		
a) Purchased Units	8755599	8999815
Total amount (Rs. in Lacs)	546.58	465.45
Rate/Unit (Rs.)	6.24	5.17
b) Own generation:		
i. Through diesel generator Units	60778	31534
Total amount (Rs. in Lacs)	8.92	4.17
Rate/Unit (Rs.)	14.70	13.22
ii. Through steam turbine Units *	7505335	4299995
Total amount	-	-
(* Net of Self Consumption in TG)		
2. Coal:		
Quantity (In MT)	1341	5014
Total Cost (Rs. in Lacs)	55.72	222.11
Rate/Unit (MT) (Rs.)	4155.11	4429.75
3. Furnace oil:		
Quantity (K. Lts.)	819	402
Total Amount (Rs. in lacs)	206.99	93.53
Average Rate /Lt.	25.32	23.27

B. CONSUMPTION PER UNIT OF PRODUCTION:

Item	Product	Current Year	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	27	25
	S.A./Oleum/Liquid So3	62	61
	Soya Oil/Doc	62	45
Coal (KG/MT)	Soya Oil/Doc/Power	75	79

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

Name of Employees/his Qualification/designation	Age/No. of years Experience	Date of Commencement of Employment	Remuneration (Rs. in Lacs)	Last Employment
Employed through out the year : Shri Shailesh Khaitan B.Com (Hons.)/ Chairman & Managing Director	54/30	01-09-84	39.62 lacs	Managing Director, M/s. Majestic Packaging (P) Ltd. Kolkata.

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



KHAITAN CHEMICALS & FERTILIZERS LIMITED

Annexure - 'B'

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CAUTIONARY STATEMENT

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

BUSINESS OVERVIEW:

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

SEGMENT-WISE BUSINESS REVIEW AND OPERATIONAL AND FINANCIAL PERFORMANCE:

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

(Quantity in MT)

Particular	2009-10	2008-09	2007-08	2006-07	2005-06
Production:					
SSP	332543	226000	175450	327308	299739
Sulphuric Acid	94895	62423	82678	137056	167971
Oleum/Liquid So ₃	4508	4659	5511	4945	5938
Seed Crushing	12135	51395	133575	149493	70501
Refined Oil	5485	11895	19637	23478	12778
Sales:					
SSP	244520	220259	222065	307776	294834
Sulphuric Acid	45941	35668	49374	53143	89648
Soya Oil	5345	12284	25361	24479	13141
De-oiled Cake	9964	46143	111539	125365	58467

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

(Rs. In Lacs)

Particular	2009-10	2008-09	2007-08	2006-07	2005-06
Sales:					
Fertilizer & Chemicals	15595.54	21459.32	12948.49	14395.29	13969.68
Soya	4690.44	13630.90	26685.63	23042.78	10590.82
PBIDT:					
Fertilizer & Chemicals	1086.84	4240.29	1784.39	994.56	1603.53
Soya	(210.53)	87.07	977.39	1801.12	592.71
EPS (Rs.):	0.86	10.61	9.31	9.54	9.23
DIVIDEND:	12%	18%	18%	18%	18%

Fertilizer & Chemicals Division:

The year 2009 began with falling prices of Rock Phosphate, which resulted in low subsidy on inventory clubbed with under recoveries, it caused operating losses in the first half. From 1st October, 2009, the subsidy policy was changed and an 'ad hoc fixed subsidy' alongwith free MRP were made applicable only for SSP fertilizer. This made SSP costlier in relation to other phosphatic fertilizers.

However, finally and thankfully, the Government of India has now implemented the 'Nutrient Based Subsidy Policy' (NBS) for 'P' & 'K' Fertilizer w.e.f. 01.04.2010. Even though the NBS policy was announced in February, 2010, and made effective for all the Fertilizers excepting SSP on 4.03.2010, it was made applicable on Single Super Phosphate only from 01.05.2010 after a considerable delay. This has resulted in

low sales volume during last quarter of the year. Further, in the implementation of 'NBS' policy, increased MRP has been allowed to all the other fertilizers, while in case of SSP, MRP has come down by 20-25%.

During the year 2009-10, the Company has produced 3,32,543 MT (previous year: 2,26,000 MT) Single Super Phosphate and sold 2,44,520 MT (previous year 2,20,259 MT).

With the strengthening of Indian Rupee, the Company has gained Rs.774.21 lacs on account of foreign exchange fluctuations as compared to a loss of Rs.794.79 lacs in the previous year 2008-09.

Despite of all the challenges and relative disadvantage as compared to other Phosphatic Fertilizers, NBS Policy has come with a healthier near level playing field and, the Company is determined to perform well in the next year.

During the year the Company has received "PRODUCTIVITY AWARD" from 'THE FERTILIZER ASSOCIATION OF INDIA' for its NIMBAHERA Plant.

Soya Division:

In view of total speculative behavior in the market, leading to lack of upfront crushing margin during the year, virtually no significant business activity has taken place. The situation was unprecedented in history, which resulted in piling up of inventory of Oilseeds (Rapeseed/Muster Seed/Soybean) with farmers/traders. The price of Soybean steeply reduced to Rs. 20390/- per ton on 31.03.2010 from Rs. 24260/- per ton on 02.12.2009. The cautious approach opted by the Management, had proved to be a right decision.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Fertilizer & Chemicals Division

India, being an agrarian society, has always regarded Agriculture as the backbone of her economy. Agriculture is one of the strongholds of the Indian economy and accounts for 25 percent of the country's gross domestic product (GDP). As a result, Indian fertilizer industry has tremendous scope in and outside the country, as it is one of the allied parts of agriculture.

Indian Fertilizer industry is one of the vital industries for the Indian economy, since it manufactures a very critical input for agriculture. The fertilizer industry in India has performed a vital role in enabling the required increase in the use of plant nutrients for achieving the objectives of self-sufficiency in food grains production and accelerated and continuous agricultural growth. Indian Fertilizer sector is highly dependent on either import of raw material and finished goods and therefore has a challenge to manage volatility of international market and exchange fluctuation.

India is the second largest consumer of fertilizer in the world next to China. Demand for fertilizer will keep on increasing in future to ensure food security of the country. To meet increasing demand future policies should encourage domestic capacity of fertilizer, as international prices are volatile. Currently, fertilizer industry operates under stringent regulations. However from April, 2010 onwards the Government has implemented 'Nutrient Based Subsidy' Policy for 'P' & 'K' fertilizer with market driven selling prices. This policy should bring some free space for industry for efficient operations and will be boost to SSP industry.

Soya Division

Soybean is one of the largest oil seed crop in the world. It is



primarily processed to extract oil and meal. The meal extracted from the seed through crushing is a rich source of protein, which is used as animal feed. Soy oil is used for edible purposes, which also has medicinal and industrial applications. Your Company is engaged in the business of crushing soybean seed and refining of crude soybean oil and producing value added products of soybean. Ideal location of our plant i.e. at the heart of soybean cultivation area, assures us a decided advantage in operations.

As per recent USDA estimates, the global soybean output is expected to reach a record high of 246.1 million tonnes in 2009-10. Soybean production has shown substantial rise over three decades. The output has increased from 62.2 million tonnes in 1980-81 to 246.1 million tonnes (estimates) in 2009-10.

Soy meal- a major product of bean is an important feed product traded across the world. India is one of the largest exporters of soy meal and most of the produce is exported to the south-east Asian nations. However, during the year Soy meal export has come down to around 50% mainly due to higher price of soyseed.

Soya oil - India is one of the largest importers of edible oils and it annually imports about 5-6 million tonnes of edible oils. Crude soy oil is second largest imported edible oil after crude palm oil. Your Company deals in NCDEX, NBOT AND MCX (the future commodity & derivative exchanges) to hedge its oil inventory to counter the high volatility in the oil prices and also take position in the oilseeds to hedge against the slow arrival of Soya seed in the market.

FUTURE OUTLOOK:

Fertilizer & Chemicals Division:

Future outlook for Fertilizer Industry is linked with Government's strategic approach to self - sufficiency in Agro products. Additional production of food grain will have to come from increased productivity in the farming sector, resulting in higher demand for fertilizers and other Agri-inputs. The Company has a strong conviction that the resurgence of the Indian Economy can be sustained only upon the modernization and revival of the Agricultural sector.

The Company would like to remain a leader in the areas of its operation i.e. Madhya Pradesh, Rajasthan and U.P. and expand its presence in other areas i.e. Chhattishgarh & Maharashtra. The performance of the Company is expected to be better in the coming year considering its basic strength and pragmatic Government policy.

Soya Division:

In India, the crushing capacity of Soybean is much higher than availability of raw material. Besides, low availability, the industry is facing a high degree of speculation in the business.

OPPORTUNITY, THREATS, RISK & CONCERNS:

Fertilizer & Chemicals Division:

The implementation of 'NBS' policy has allowed an increase in MRP of other 'P & K' fertilizers while in case of SSP, MRP has come down by 20-25%. The Company is also expecting better utilisation of its production capacity on account of favourable NBS policy.

The Company enjoys its locational advantage providing it with an opportunity of broader reach and also reduction in overall price, which gives better margins.

The Company has captured significant market share in SSP industry through its brands "KHAITAN KHAD" in M.P., Maharashtra & Rajasthan and 'UTSAV KHAD' in Uttar Pradesh and Chhattishgarh.

The Company is exposed to risks in fertilizers business due to uncertainty in the availabilities of raw materials and changes in the government policies.

Soya Division:

The Company is having Ideal location of its soya processing plant i.e. at the heart of soybean cultivation area assures us a value added advantage in operations.

Production of soybean is highly dependent on vagaries of monsoon. The delayed and uneven monsoon creates shortage of raw material thus affecting the capacity utilisation and profitability of the industry. The large crushing capacity with insufficient raw material makes soybean & soya oil very much speculative in Commodity Exchanges besides the volatility of international market.

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has an adequate system of internal controls which ensures that its assets are protected against loss from unauthorized use or disposition and all transactions are authorized, recorded and reported in conformity with generally accepted accounting principles. The financial and commercial functions have been structured to provide adequate support and controls for the business of the company.

The Company has a regular process of internal audit by M/s. Krishan Rakesh & Co., Chartered Accountants, whose scope of work and work programme is agreed with the Audit Committee. The findings of internal auditors are discussed with the Audit Committee and adequate steps are taken accordingly to plug control weaknesses pointed out.

The Board of Directors has an Audit Committee, whose chairman is an independent director. The Committee meets periodically to review internal controls, Audit programmes and results and recommendations of the auditors and management's replies to those recommendations.

The Company has also put a lot of emphasis in the systemization of the various plant operations and has also been accredited with the ISO 9001-2000, ISO 14001 and OHSAS 18001, certification.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS:

The Company considers its highly motivated and well-maintained team as its most valuable asset. Both the divisions continue to have extremely cordial industrial relations.

ENVIRONMENTS AND SAFTY:

The Company possesses good environmental management system for treatment and safe disposal of all process wastes ensuring strict compliance with the environmental legislation for prevention of air and water pollution.

The Company was awarded consecutively for four years with "ENVIRONMENTAL PROTECTION AWARD" including special award for "CONSISTANT EXCELLANCE IN ENVIRONMENTAL PERFORMANCE FOR SSP PLANT" by the "THE FERTILIZER ASSOCIATION OF INDIA" for its Nimrani plant.

CONCLUSION:

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



KHAITAN CHEMICALS & FERTILIZERS LIMITED

Annexure - 'C'

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

COMPOSITION, MEETINGS AND ATTENDANCE:

The present strength of the Board of Directors is four. Out of four directors, three directors are Non Executive and independent and Mr. Shailesh Khaitan, an executive promoter Director, is the Chairman & Managing Director of the Company. The Composition of the Board of Directors meets the stipulated requirement.

The Board's composition and categories as on 31st March 2010, and the attendance of each director at Board meetings and the last Annual General Meeting (AGM) are as under:

Name of Director	Category	No. of Directorship in other Cos. (excluding Pvt. Cos.)	No. of Board Committee Memberships in other Cos.	No. of Board Committee for which Chairperson	No. of Board Meetings attended	Whether attended last AGM
Shri Shailesh Khaitan	Promoter, Executive	3	1	NIL	Four	Yes
Shri J. L. Jajoo	Independent, Non-Executive	NIL	NIL	NIL	Four	Yes
Shri O. P. Bagla	Independent, Non-Executive	NIL	NIL	2	Four	Yes
Dr. P. Goyal	Independent, Non-Executive	NIL	NIL	NIL	Four	Yes

During the financial year ended on 31st March, 2010. Four Board Meetings were held on 16th May, 2009, 31st July, 2009, 31st October, 2009 and 30th January, 2010.

The Company's last Annual General Meeting (AGM) was held on 31st July, 2009.

3. BOARD COMMITTEES :

A. AUDIT COMMITTEE:

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

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

The Audit Committee consisted of the following members as on 31st March, 2010:

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

During the year, four meetings of Audit Committee were held on 16th May, 2009, 31st July, 2009, 30th October, 2009 and 30th January, 2010.

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

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

B. REMUNERATION COMMITTEE

No Remuneration committee has been constituted by the Board of Directors of the Company.

Details of remuneration paid to Executive Director for the financial year 2009-10.

(Rs. In lacs)

Name	Designation	Salary	Commission	Perks & Allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	24.00	NIL	15.62	39.62	3 years

KHAITAN CHEMICALS & FERTILIZERS LIMITED



The Non-executive Directors are paid remuneration by way of sitting fees Rs. 5000/- for attending each meeting of the Board and committees thereof. Details of Sitting Fee paid to Non-executive Directors in the financial years 2009-10 given below:

S. No.	Name of the Director	Sitting Fees (in Rs.)
1	Shri J. L. Jajoo	40,000
2	Shri O. P. Bagla	60,000
3	Dr. P. Goyal	60,000

C. SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE:

FUNCTION :

The Board of Khaitan Chemicals & Fertilizers Limited has constituted a Shareholders'/Investors' Grievance Committee consisting of three members, chaired by an Independent, Non Executive Director. The Committee meets at frequent intervals to approve inter-alia, Transfer/ transmission of shares, issue of duplicate share certificate, non receipt of declared Dividend and to review the status of investors' grievances and redressal mechanism and recommends measures to improve the level of investor services. Details of share transfer/transmissions approved by the Committee are placed at the Board meetings from time to time.

COMPOSITION

The constitution of the Shareholders'/Investors' Grievance committee is as under:

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

During the financial year ended March 31, 2010, four Shareholder/ Investor Grievance Committee Meetings were held on 16th May, 2009, 31st July, 2009, 30th October, 2009 and 30th January, 2010.

(b) **Quorum:** Two Independent Members.

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

4. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Shri R.S. Vijayvargiya
President & Secretary
Khaitan Chemicals & Fertilizers Ltd.
Apollo Arcade, 3rd Floor, 1/2, Old Palasia, Indore-452018.
Tel. No. 0731-2564936-37, Fax No. 0731-2562572

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

376 Nos. of complaints received, and replied to the satisfaction of the SEBI and shareholders etc. during the year ended March 31, 2010. Outstanding complaints as on March 31, 2010 were Nil. The number of pending share transfers was Nil and pending requests for dematerialisation was for CDSL-16 shares & NSDL- 516 as on March 31, 2010. These have been since approved/ dematerialised.

6. ANNUAL GENERAL MEETINGS:

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

AGM No.	Financial Year	Location of the Meeting	Date	Time
25	2006-2007	Registered Office of the Company	July 30, 2007	1.00 P.M.
26	2007-2008	Registered Office of the Company	July 26, 2008	1.00 P.M.
27	2008-2009	Registered Office of the Company	July 31, 2009	1.00 P.M.



KHAITAN CHEMICALS & FERTILIZERS LIMITED

7. DISCLOSURES:

- a. There are no materially significant transactions with its promoters, the directors or the senior management personnel, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company. The disclosure in respect of related party transactions is provided in the notes on accounts. All contracts with the related parties entered into during the year are in normal course of business and have no potential conflict with the interest of the company at large and are carried out on arm's length basis at fair market value.
- b. The Board of Directors has adopted the code of conduct for directors and senior management personnel of the Company and the same has been placed on the Company's website www.khaitanchemfert.com.
- c. No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- d. The Company has in place mechanism to inform Board Members about the Risk Management and minimization procedures and periodical reviews to ensures that risk is controlled by the executive management. A detailed note on risk management is given in the financial review section of the management discussion and analysis report elsewhere in this report.

8. MEANS OF COMMUNICATION:

- i. The main channel of communication to the shareholders is through annual report, which includes inter-alia, the Directors' Report, The Auditors' Report, Report on Corporate Governance, Audited Financial Statements and other important information. The Management Discussion and Analysis Report forms part of the Annual Report.
- ii. The website of the Company www.khaitanchemfert.com acts as the primary source of information regarding the operations of the Company. Quarterly/yearly financial results and other media release are being displayed on the Company's website.
- iii. Quarterly and Half yearly results, approved by the Board of Directors and submitted to the Stock Exchanges in terms of the requirement of Clause 41 of the listing agreement and are published in the following news papers, namely, Free Press (English) and Chautha Sansar (Hindi).

9. CFO CERTIFICATION:

Shri R.S. Vijayvargiya, President & Secretary has provided annual certificate on financial reporting and internal controls to the Board pursuant to clause 49. He has also provided quarterly certificates on financial results while placing the financial results before the Board pursuant to clause 41 of Listing Agreement.

10. COMPLIANCE

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

SHAREHOLDERS INFORMATION

Annual General Meeting:

Date : 30th day of July, 2010,
Time : 1.00 P.M.
Venue : A. B. Road, Village Nimrani, Tehsil Kasrawad,
Dist. Khargone-451 569 (M.P.)

Financial Calendar:

- | | | |
|---|---|----------------------------|
| • Financial reporting for the quarter ending June 30, 2010 | : | On or before July, 2010 |
| • Financial reporting for the half year ending September 30, 2010 | : | On or before October, 2010 |
| • Financial reporting for the quarter ending December 31, 2010 | : | On or before January, 2011 |
| • Financial reporting for the year ending March 31, 2011 | : | On or before May, 2011 |

Date of Book Closure:

23rd July, 2010 to 30th July, 2010 (both days inclusive) for payment of Dividend.

Listing on Stock Exchanges:

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

Stock Code: 507794

Stock Market Data:

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

KHAITAN CHEMICALS & FERTILIZERS LIMITED



(Price in Rs.)

Month	High	Low	Volume of Shares Traded
April, 2009	29.80	20.80	22564
May, 2009	42.00	25.90	94530
June, 2009	47.00	33.10	110009
July, 2009	36.95	29.10	98684
August, 2009	35.00	29.50	45635
September, 2009	37.00	32.30	73094
October, 2009	39.00	30.15	45120
November, 2009	36.70	30.00	34843
December, 2009	44.95	27.25	161913
January, 2010	45.50	33.55	120370
February, 2010	38.95	33.35	15121
March, 2010	59.00	33.15	186062

Shareholder services, enquiries, complaints:

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

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

Distribution of shareholding as on March 31, 2010:

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	32082	98.77	1005430	10.37
501 to 1000	176	0.54	144940	1.49
1001 to 2000	96	0.30	148545	1.53
2001 to 3000	33	0.10	85281	0.88
3001 to 4000	21	0.06	73200	0.75
4001 to 5000	10	0.03	46417	0.48
5001 to 10000	35	0.11	273411	2.82
10001 and above	30	0.09	7921696	81.68
Grand Total	32483	100.00	9698920	100.00

Categories of Shareholders as on March 31, 2010:

Promoters	7273617	74.99
Financial Institutions, Mutual Fund and Banks	42932	0.44
Private Corporate Bodies	519733	5.36
Non-residents /OCBs	126352	1.31
Indian Public	1736286	17.90
Total =	9698920	100.00



KHAITAN CHEMICALS & FERTILIZERS LIMITED

Dematerialisation of Shares and liquidity:

Trading in Khaitan Chemicals & Fertilizers Limited shares is permitted only in dematerialised form with effect from 26th March, 2001, as per notification issued by the Securities and Exchange Board of India (SEBI).

At present, the Company's shares are fully available for trading in the depository systems of both NSDL and CDSL. As on 31st March, 2010, 8780682 equity shares of the Company, which amount to 90.53% of the equity capital exist under the electronic form. **Those shareholders who have still not got their shares dematerialised, are advised to do so, as soon as possible, in view of many advantages that exist therein.**

The equity shares of the Company are actively traded on BSE.

International Security Identification No. (ISIN): NSDL and CDSL: INE745B01010

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

Fertilizer & Chemicals Division:

1. A. B. Road, Village Nimrani, Tehsil Kasrawad,
Dist. Khargone - 451 569 (M.P.)
2. Village Goramachia, Jhansi-Kanpur Road,
Jhansi - 248 001 (U.P.)
3. Village Dhinva, Tehsil Nimbahera,
Dist. Chittorgarh - 312 601 (Rajasthan)
- 4). A-1, UPSIDC Industrial Area, Malwan,
Dist. Fatehpur-212 664 (U.P.)

Soya Division (Khaitan Agro):

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

Company Registration number with ROC/Ministry of Corporate Affairs:

CIN- L24219MP1982PLC004937.

Investor Correspondence:

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

Secretarial Department:

Khaitan Chemicals & Fertilizers Ltd.
Apollo Arcade, 3rd Floor,
1/2, Old Palasia,
Indore-452 018 (M.P.)

Registrar & Share Transfer Agent:

M/s Ankit Consultancy Pvt. Ltd.
2nd Floor, Alankar Point,
Geeta Bhawan Chouraha,
Indore - 452 018 (M.P.)

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

Khaitan Chemicals & Fertilizers Limited,

We have examined the compliance of conditions of corporate governance by Khaitan Chemicals & Fertilizers Limited, for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has complied with conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

for **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Reg. No. 00756N

(CA ATUL SEKSARIA)
Partner
Membership No. 86370

Place : New Delhi
Date : 14.05.2010



AUDITORS' REPORT TO THE MEMBERS OF KHAITAN CHEMICALS & FERTILISERS LTD.

1. We have audited the attached balance sheet of Khaitan Chemicals & Fertilisers Limited as at 31st March, 2010, the profit and loss account and also the cash flow statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books except in case of leave encashment as mentioned in (vi) below;
 - iii. The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except as stated in (vi) below regarding pending compliance of Accounting Standard-15 (Employee Benefits) issued by the Institute of Chartered Accountants of India;
 - v. On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. *The gratuity and leave encashment are accounted for and disclosed as stated in the Note No. B-9 of Schedule 19 of the Financial Statement. The unprovided liability for gratuity and leave encashment is unascertained. The aforesaid provision and disclosure is not in accordance with the requirements of AS-15 (Employee Benefits) issued by the Institute of Chartered Accountants of India. Impact of the same on the current year's Profit & Loss A/c is unascertained.*
 - vii. Without qualifying our opinion, attention is drawn to Note no. B-13 of Schedule 19, wherein the remuneration to Managing Director is subject to the approval of shareholders in the ensuing General Meeting.
 - viii. Subject to our observation in para (vi) above and read with para (vii) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **S.S. KOTHARI MEHTA & CO.**

Chartered Accountants
Firm Reg. No. 00756N

(CA ATUL SEKSARIA)

Partner
Membership No. 86370

Place : New Delhi
Date : 14.05.2010



KHAITAN CHEMICALS & FERTILIZERS LIMITED

“Annexure to Auditor’s Report”

(As referred to in paragraph '3' of our report to the members of Khaitan Chemicals & Fertilizers Limited on the accounts as at & for the year ended 31st March 2010)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory of the Company has been physically verified by the management during the year (except for stock of Rock Phosphate and Sulphur for which stock is taken on estimation basis and for the stock in transit and stock lying with outside parties). In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us, discrepancies noticed on physical verification of inventory as compared to the books records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the Company has granted inter-corporate loans/ advances to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans was Rs. 2060.61 lacs and Rs. 552.73 lacs respectively.
- (b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.
- (c) The Companies to whom loans have been granted have been regular in the payment of principal and interest wherever stipulated.
- (d) There is no overdue amount outstanding at the end of the year in respect of above loans/advances.
- (e) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii)(f) and (iii)(g) of paragraph of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all the particulars of contracts or arrangements that need to be entered in to the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained in pursuance to section 209 (1) (d) of Companies Act, 1956 in respect of single super phosphate, Sulphuric acid and refined vegetable oil manufactured by the Company and are of the opinion that, prima facie, the prescribed records and accounts have been made and maintained. However, we have not carried out a detailed examination of such records to verify its authenticity and accuracy.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. 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, the particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute, are as follows: -

KHAITAN CHEMICALS & FERTILIZERS LIMITED



S. No.	Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
1.	M.P. Commercial Tax Act, 1974	Sales Tax/ Trade Tax	0.48 Lacs	2001-02	Tribunal Commercial Tax, Bhopal
2.	UP Trade Tax 1948	Sales Tax/ Trade Tax	3.28 Lacs (Principal) 15.94 Lacs (Interest)	Before 1996	Joint Commissioner of Trade Tax, Lucknow
3.	M.P. Commercial Tax Act, 1974	Entry tax	0.11 Lacs	1991-92	Tribunal Commercial Tax, Bhopal
4.	Mines and Minerals (Development and Regulation) Act, 1957	Royalty on rock phosphate	118.77 Lacs	2004-05	High Court, Rajasthan
5.	Purchase Tax Act	Purchase Tax	192.84 Lacs	2004-05 & 2005-06	High Court of Madhya Pradesh, Jabalpur
6.	Income Tax Act 1961	Income Tax	65.20 Lacs	2006-07	CIT(Appeal), New Delhi
7.	Central Excise Act	Penalty	17.78 Lacs	2007-08	Custom Excise and Service Tax Appellate Tribunal
8.	Central Sales Tax Act	Sales Tax	1.87 Lacs	2005-06	Additional Commissioner of Commercial Tax-Indore
9.	UP Trade Tax 1948	Sales Tax	0.49 Lacs	2007-08	The Deputy Commission Commercial Tax-Jhansi
10.	UP Trade Tax 1948	Sales Tax	0.93 Lacs	2005-06	The Deputy Commission Commercial Tax-Jhansi
11.	UP Trade Tax 1948	Sales Tax	1.53 Lacs	2006-07	The Deputy Commission Commercial Tax-Jhansi

- (x) The company does not have any accumulated losses as at 31st March 2010 and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) Based on our audit procedure and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xii) Based on our examination of documents and records, we are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- (xiv) The company has maintained proper records of transactions & contracts for purchase & sale of securities during the year under review & timely entries were made therein. All the shares, securities and other investments have been held by the Company in its own name.
- (xv) As per the information and explanations given to us and on our examination of records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2010.

for **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
Firm Reg. No. 00756N

(CA ATUL SEKSARIA)
Partner
Membership No. 86370

Place : New Delhi
Date : 14.05.2010



KHAITAN CHEMICALS & FERTILIZERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lacs)

	Schedule No.	As at 31.03.2010	As at 31.03.2009
1. SOURCES OF FUNDS			
Share Holders' Funds:			
- Capital	1	969.89	969.89
- Reserves & Surplus	2	6,847.59	6,889.08
Loan Funds :			
- Secured Loans	3	10,737.90	8,185.43
Deferred Tax		1,516.99	1,619.21
Total		20,072.37	17,663.61
2. APPLICATION OF FUNDS			
Fixed Assets:	4		
- Gross Block		16,469.73	16,316.77
- Less: Depreciation		8,279.69	7,575.46
- Net Block		8,190.04	8,741.31
- Add : Capital Work in Progress		87.32	1.05
		8,277.36	8,742.36
Investments	5	244.00	261.50
Current Assets, Loans & Advances:			
- Inventories	6	12,368.05	5,324.61
- Sundry Debtors	7	268.48	612.57
- Cash & Bank Balances	8	1,617.56	665.54
- Other Current Assets	9	1,108.81	5,121.91
- Loans & Advances	10	1,396.47	2,253.25
		16,759.37	13,977.88
Less: Current Liabilities & Provisions	11	5,208.36	5,318.69
Net Current Assets		11,551.01	8,659.19
Miscellaneous Expenditure	12	-	0.56
Total		20,072.37	17,663.61
Significant Accounting Policies and Notes on Accounts	19		

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

For and on behalf of Broad
SHAILESH KHAITAN
(Chairman & Managing Director)

R.S. VIJAYVARGIYA
(President & Secretary)

(CA ATUL SEKSARIA)
Partner
M.No. 86370

PLACE: NEW DELHI
DATED: 14.05.2010

J.L. JAJOO
O.P. BAGLA
(Directors)

KHAITAN CHEMICALS & FERTILIZERS LIMITED**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rs. in lacs)

	Schedule No.	Year Ending 31.03.2010	Year Ending 31.03.2009
INCOME:			
- Sales (Gross)		20,333.57	35,627.82
Less: Excise Duty		116.20	549.59
Sales (Net)		20,217.37	35,078.23
- Other Income	13	68.61	11.99
- Increase/(Decrease) in stock	14	5,124.14	(1,646.87)
		25,410.12	33,443.35
EXPENDITURE:			
- Raw Material consumed	15	19,377.79	24,276.40
- Purchase of Traded goods		246.46	26.17
- Personal Cost	16	570.53	537.24
- Manufacturing & Other Expenses	17	4,338.46	4,121.88
- Financial Expenses	18	101.63	1,963.59
- Miscellaneous Expenditure written off	12	0.56	1.35
		24,635.43	30,926.63
PROFIT BEFORE DEPRECIATION TAX		774.69	2,516.72
Depreciation / Amortisation	4	702.86	683.77
Prior period adjustments (Note 16-Schedule 19B)		35.02	202.94
PROFIT BEFORE TAX		36.81	1,630.01
Provision for Tax			
Current tax		41.04	532.26
Deferred tax		(102.23)	10.22
Fringe Benefits Tax		-	18.56
Adjustment relating to Previous year		17.32	42.26
PROFIT AFTER TAX		80.68	1,026.71
Add : Transferred from Capital Subsidy		2.83	2.09
NET PROFIT		83.51	1,028.80
Balance brought forward from previous year		2,309.27	1,584.72
AMOUNT AVAILABLE FOR APPROPRIATION		2,392.78	2,613.52
APPROPRIATED AS FOLLOWS			
- Transfer to General Reserve		100.00	100.00
- Proposed Dividend		116.39	174.58
- Corporate tax on dividend		19.78	29.67
- Balance carried to Balance Sheet		2,156.61	2,309.27
		2,392.78	2,613.52
Earnings per share (Basic & Diluted)(in Rs.) (Note 17-Schedule 19B)		0.86	10.61
Significant Accounting Policies and Notes on Accounts	19		

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

For and on behalf of Broad

(CA ATUL SEKSARIA)
Partner
M.No. 86370

SHAILESH KHAITAN
(Chairman & Managing Director)

R.S. VIJAYVARGIYA
(President & Secretary)

PLACE: NEW DELHI
DATED: 14.05.2010

J.L. JAJOO
O.P. BAGLA
(Directors)



KHAITAN CHEMICALS & FERTILIZERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDING 31st MARCH, 2010

(Rs. in lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
A. Cash Flow from Operating Activities :		
Profit Before Tax	36.81	1,630.01
Add: Interest & Financial Exp.	1,203.63	1,357.64
Add: Foreign Exchange Fluctuations	(774.21)	794.79
Add: Depreciation / Amortisation	702.86	683.77
Add: Bad Debts w/off	0.93	-
Add: Provision for doubt debts	5.15	4.36
Add: Loss on sale of Fixed Assets	6.59	19.66
Add: Extra ordinary items	35.02	202.94
Add: Miscellaneous Expenses w/off	0.56	1.35
Less: Interest Received	327.79	188.84
Less: Profit on Sale of Fixed Assets	0.69	3.15
Less: Profit on Sale of Investments	8.75	-
Operating Profit before Working Capital Changes	880.11	4,502.53
Adjustment for:		
(Increase)/Decrease in Inventories	(7,043.44)	1,927.49
Sundry Debtors	338.02	522.56
Other Current Assets	4,013.10	(3,890.67)
Loans & Advances	856.78	334.29
Current Liabilities & Provisions	371.02	1,180.34
Cash Generation from Operations	(584.40)	4,576.54
Income Tax Paid(Including FBT)	(539.71)	(207.49)
Extra-ordinary and prior period items	(27.93)	(245.20)
Net Cash from Operating Activities (A)	(1,152.05)	4,123.85
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(175.87)	(468.40)
Capital Work in Progress	(82.14)	(1.05)
Sale of Fixed Assets	7.16	29.02
Interest	327.79	188.84
Investment	26.25	(240.00)
Net Cash from Investing Activities (B)	103.19	(491.59)
C. Cash Flow from Financing Activities :		
Share Capital	-	-
Receipt of capital subsidy	14.00	-
Proceeds from Long Term Borrowings	115.60	-
Repayments of Long Term Borrowings	(1,395.21)	(990.20)
Bank Borrowings	3,832.07	(312.71)
Effect of Foreign Exchange gain\{loss)	774.21	(794.79)
Interest & Finance Exp.	(1,203.63)	(1,357.64)
Dividend including Dividend Distribution Tax	(136.17)	(204.25)
Net Cash from Financing Activities (C)	2,000.88	(3,659.59)
NET CASH GENERATION (A+B+C)	952.02	(27.33)
Cash and Cash Equivalents as at the beginning of the year	665.54	692.87
Cash and Cash Equivalents as at the end of the year	1,617.56	665.54
Net Increase (Decrease) in Cash and Cash Equivalents	952.02	(27.33)

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

For and on behalf of Broad

SHAILESH KHAITAN
(Chairman & Managing Director)

R.S. VIJAYVARGIYA
(President & Secretary)

(CA ATUL SEKSARIA)

Partner
M.No. 86370

J.L. JAJOO
O.P. BAGLA
(Directors)

PLACE: NEW DELHI
DATED: 14.05.2010

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Schedule No.1 to 19 annexed to and forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended 31st March, 2010:

(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE - 1		
SHARE CAPITAL :		
Authorised :		
22000000 (Previous year 12000000) Equity Shares of Rs. 10/- each	2,200.00	2,200.00
Issued :		
9712442 (Previous year 9712442) Equity Shares of Rs. 10/- each	971.24	971.24
Subscribed & Paid up :		
9698920 (Previous year 9698920) Equity Shares of Rs. 10/- each fully paid up	969.89	969.89
	<u>969.89</u>	<u>969.89</u>
SCHEDULE - 2		
RESERVES & SURPLUS :		
Capital Reserve:		
- As per last Balance Sheet	1551.88	1553.97
- Add : Capital Subsidy Received on account of Gassifire	14.00	-
	<u>1565.88</u>	<u>1553.97</u>
- Less : Transferred to Profit & Loss A/c	2.83	2.09
	<u>1563.05</u>	1551.88
Share Premium Account	2,152.58	2,152.58
- As per last Balance Sheet		
General Reserve :		
- As per last Balance Sheet	875.35	775.35
- Add: Transfer from Profit and Loss account	100.00	100.00
	<u>975.35</u>	<u>875.35</u>
Surplus in Profit & Loss account	2,156.61	2,309.27
	<u>6,847.59</u>	<u>6,889.08</u>
SCHEDULE - 3		
SECURED LOANS:		
TERM LOANS:		
- From Banks		
(Secured by equitable mortgage of Company's immovable properties and also hypothecation by way of first charge of movable as well as immovable assets both present and future ranking pari-passu subject to prior charge in favour of the Company's bankers on Stock of Raw Materials, Finished Goods, Stores and Spares and Book debts for working capital borrowings and second charge on the entire current assets of the Company and guaranteed by Shri Shailesh Khaitan in his personal capacity, except for vehicle loans which are secured by hypothecation thereof)	2,486.94	3,761.68
Interest Accrued & due thereon	20.51	25.37
	<u>2,507.45</u>	<u>3,787.05</u>
CASH CREDIT & WORKING CAPITAL DEMAND LOAN :		
BUYER'S CREDIT (Net of Margin Money in form of FDRs of Rs 2632.14 Lacs)		
(Secured by hypothecation of Company's stock of Raw Materials, Finished Goods, Stock in Process, Stores and Spares, Packing Materials etc. including Goods in Transit, Outstanding monies, Book-debts, Receivables etc. and secured by way of second charge over the Company's entire fixed assets and guaranteed by Shri Shailesh Khaitan in his personal capacity).	6,128.40	4,398.38
	<u>2,102.05</u>	-
	<u>10,737.90</u>	<u>8,185.43</u>
	<u>1,071.92</u>	<u>1,141.00</u>

NOTE : Term Loans Repayable within one year



KHAITAN CHEMICALS & FERTILIZERS LIMITED

SCHEDULE - 4

FIXED ASSETS :

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 31.03.2009	Addi- tions	Adjustments/ Deduction	As at 31.03.2010	up to 31.03.2009	Sale /Adj- ustments	During the year	up to 31.03.2010	as at 31.03.2010	as at 31.03.2009
OF ASSETS										
Freehold Land & Site Development	252.17	-	-	252.17	-	-	-	-	252.17	252.17
Leasehold Land	412.58	-	-	412.58	-	-	11.60	11.60**	400.98	412.58
Building	2,836.54	-	-	2,836.54	735.05	-	76.47	811.52	2,025.02	2,101.49
Plant & Machinery	11,941.07	24.97	-	11,966.04	6,428.01	-	567.42	6,995.43	4,970.61	5,513.06
Electric Installation	306.56	-	-	306.56	158.71	-	12.54	171.25	135.31	147.85
Furniture & Fixtures	105.26	5.32	-	110.58	74.96	-	4.93	79.89	30.69	30.30
Office Equipments	90.63	3.31	-	93.94	40.99	-	4.11	45.10	48.84	49.64
Lab & Other Equipments	17.03	-	-	17.03	7.84	-	0.66	8.50	8.53	9.19
Vehicles	283.68	136.83	22.91	397.60	83.67	9.85	28.66	102.48	295.12	200.01
Electrical Appliances	10.52	-	-	10.52	7.37	-	0.40	7.77	2.75	3.15
Fire Fighting Equipments	2.84	-	-	2.84	1.56	-	0.11	1.67	1.17	1.28
Computers	57.89	5.44	-	63.33	37.30	-	7.18	44.48	18.85	20.59
Total (A)	16,316.77	175.87	22.91	16,469.73	7,575.46	9.85	714.08	8,279.69	8,190.04	8,741.31
Capital Work in Progress	1.05	86.27	-	87.32	-	-	-	-	87.32	1.05
Total (B)	16,317.82	262.14	22.91	16,557.05	7,575.46	9.85	714.08	8,279.69	8,277.36	8,742.36
Previous year	15,986.08	469.45	137.71	16,317.82	6,952.63	60.94	683.77	7,575.46	8,742.36	9,033.45

NOTES :

1. Depreciation has been provided on SLM rates after taking into consideration the revised rates of depreciation vide Circular No.14/93-1/12/92-CL-V dated 20.12.93 issued by Ministry of Law, Justice and Company Affairs, Department of Company Affairs. Further, while applying the new rates of depreciation, the Company has adopted the option of applying the new rates on the original cost of the assets in accordance with the above Circular.
2. The Company has treated its Sulphuric Acid Plant, Soya Oil Plant and Turbo Generator as continuous process plant and depreciation charged accordingly.
3. Vehicles includes one Car purchased for Rs.100.65 lacs for which registration in the name of the Company is still pending.
4. Vehicles includes motor cars taken on hire purchase of Rs 13340110 (previous year Rs.1493270).
5. Amortisation of Leasehold Land includes Rs 7.09 Lacs, related to Prior Period.
6. Amortisation of Leasehold Land includes Rs 4.13 Lacs, included in capital work in progress as pre-operative expenses in respect of Dahej Project (Previous year Nil).
7. Lease hold Land includes Rs 377.50 Lacs (Previous year Rs 377.50 Lacs in respect of which lease deeds are pending execution.

(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE - 5		
INVESTMENTS:		
NON TRADE - UNQUOTED		
Long Term		
Khaitan Commercial Services Private Limited [Nil Shares (Previous year 175000) fully paid equity shares of Rs. 10/- each]	-	17.50
Shobhan Enterprises Pvt. Ltd. [404000 shares (Previous year 404000) fully paid equity shares of Rs. 10/- each]	244.00	244.00
	244.00	261.50
Agreerate Book Value of Quoted Investment	Nil	Nil
Agreerate Book Value of Un-Quoted Investment	244.00	261.50

KHAITAN CHEMICALS & FERTILIZERS LIMITED



(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE - 6		
INVENTORIES (As certified by the Management)		
- Finished Goods/Traded Goods	6,975.90	1,852.74
- Stock in Process	3.80	2.82
- Raw Materials	1,902.48	2,470.27
- Raw Materials in Transit	2,368.62	6.52
- Stores & Spares	1,117.25	992.26
	12,368.05	5,324.61
 SCHEDULE - 7		
SUNDRY DEBTORS		
Unsecured (Considered good, unless otherwise stated)		
Debts outstanding for a period of exceeding six month		
- Considered Good	28.54	58.66
- Considered Doubtful	6.79	10.18
	35.33	68.84
Others Debts		
- Considered Good	239.94	553.91
- Considered Doubtful	-	-
Less : Provision for doubtful debts	6.79	10.18
	268.48	612.57
 SCHEDULE 8 :		
CASH AND BANK BALANCES		
Cash on hand	13.41	4.84
Balance With Scheduled Bank		
- in Current account	980.15	99.05
- in Deposit account	623.54	561.19
[kept as Margin Money with Bank Rs.623.05 Lacs, (Previous year: Rs 560.99 Lacs) and deposited with Govt Authorities as security Rs 0.49 Lacs (Previous year Rs 0.20 Lacs)		
Balance With Other Bank		
- in Current account	0.46	0.46
Maximum balance at any time during the year Rs.0.46 lacs, (Previous year: Rs.0.46 Lacs)		
	1,617.56	665.54
 SCHEDULE 9 :		
OTHER CURRENT ASSETS		
Fertilizer Subsidy receivable	1,113.77	4,747.18
Less: Subsidy payable to Bank of India on realisation	(142.87)	(142.87)
Other receivables	970.90	4,604.31
	137.91	517.60
	1,108.81	5,121.91



KHAITAN CHEMICALS & FERTILIZERS LIMITED

(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
SCHEDULE 10 :		
LOANS AND ADVANCES		
(Unsecured - considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	439.15	185.34
Other Advances	553.00	1,694.92
Security Deposits (including with Govt. Dept. Rs. 95.74 Lacs : Previous year Rs.89.61 Lacs)	190.26	170.49
Tax/Duty deposited under protest	21.05	3.54
Sales Tax / VAT Refundable	117.09	105.07
Cenvat Credit Receivable	75.05	93.16
Balance with Central Excise Department	0.87	0.73
	<u>1,396.47</u>	<u>2,253.25</u>
SCHEDULE 11 :		
CURRENT LIABILITIES & PROVISIONS :		
Current Liabilities:		
Acceptance	1687.06	1344.20
Sundry Creditors		
- Due to Micro and Small Enterprises	0.00	0.00
- Due to others	1,027.04	2,709.66
Advances from Customers	2,240.11	372.57
Security Deposits	24.87	19.69
Due to Directors	2.89	2.77
Other Liabilities	49.06	149.97
Investor Education and Protection Fund - Unpaid Dividend	33.36	26.43
	<u>5,064.39</u>	<u>4,625.29</u>
Provisions :		
Proposed Dividend (including Dividend Distribution Tax thereon)	136.17	204.25
Provision for Tax (Net of Advance Tax of Rs 33.24 Lacs Previous year of Rs 43.12 Lacs)	7.80	489.15
	<u>143.97</u>	<u>693.40</u>
	<u>5,208.36</u>	<u>5,318.69</u>
SCHEDULE 12 :		
MISCELLANEOUS EXPENDITURE		
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Preliminary / Share Issue Expenses :		
Balance as per last Balance Sheet	-	0.09
Add : Additions during the year	-	-
	-	0.09
Less : Written off to the Profit & Loss Account	-	0.09
	-	-
Deferred Revenue Expenses :		
Balance as per last Balance Sheet	0.56	1.82
Add : Additions during the year	-	-
	0.56	1.82
Less : Written off to the Profit and Loss Account	0.56	1.26
	-	0.56
	-	0.56

KHAITAN CHEMICALS & FERTILIZERS LIMITED



(Rs. in lacs)

	Year ending 31.03.2010	Year ending 31.03.2009
SCHEDULE - 13		
OTHER INCOME :		
- Miscellaneous Receipts	35.30	4.25
- Balances & Provisions written off/written back (net)	23.87	4.59
- Profit on Sale of Investments	8.75	-
- Profit on Sale of Fixed Assets	0.69	3.15
	68.61	11.99
 SCHEDULE - 14		
INCREASE /(DECREASE) IN STOCK		
Closing Stock		
- Finished Goods / Traded Goods	6,975.90	1,852.74
- Stock in Process	3.80	2.82
	6,979.70	1,855.56
Less : Opening Stock		
- Finished Goods / Traded Goods	1,852.74	3,502.43
- Stock in Process	2.82	-
	1,855.56	3,502.43
	5,124.14	(1,646.87)
 SCHEDULE - 15		
RAW MATERIALS CONSUMED :		
Opening Stock	2,470.27	2,696.05
Add : Purchases including related expenses upto the factory site (net of claims)	18,810.00	24,050.62
	21,280.27	26,746.67
Less : Closing Stock	1,902.48	2,470.27
	19,377.79	24,276.40
 SCHEDULE - 16		
PERSONNEL COSTS :		
Salaries , Wages & Other Benefits	472.09	475.36
Contribution towards Employees' Provident Fund and Other Funds	77.08	47.37
Employees Welfare	21.36	14.51
	570.53	537.24



KHAITAN CHEMICALS & FERTILIZERS LIMITED

(Rs. in lacs)

	Year ending 31.03.2010	Year ending 31.03.2009
SCHEDULE - 17		
MANUFACTURING & OTHER EXPENSES :		
Stores & Spares consumed	1,193.43	970.35
Power & Fuel	546.59	697.74
Communication Expenses	32.23	30.02
Rent	40.15	40.82
Insurance	25.69	39.49
Legal & Professional	23.98	14.74
Rates & Taxes	10.65	9.47
Repairs & Maintenance :		
Plant & Machinery	337.35	334.32
Building	49.37	18.91
Others	49.09	58.36
Less: Scrap Sales	(17.92)	(23.67)
Travelling & Conveyance :	92.74	90.11
Charity & Donation	1.26	2.39
Payment to Auditors	9.15	8.83
Excise Duty On Variation of Finished Goods	0.58	1.91
Other Manufacturing Expenses	248.71	277.98
Miscellaneous Expenses	131.06	140.09
Bad Debts Written Off	0.93	-
Provision for Doubtful Debts	5.15	4.36
Loss on Sale of Fixed Assets	6.59	19.66
Freight Outward	1,482.56	1,256.72
Loading & Unloading	3.38	69.18
Othe selling expenses	65.74	60.10
	<u>4,338.46</u>	<u>4,121.88</u>
SCHEDULE 18		
FINANCIAL EXPENSES :		
Interest on :		
Term Loan	300.73	448.55
Cash Credit	542.00	557.80
Buyers Credit	135.82	-
Others	100.17	198.34
	<u>1,078.72</u>	<u>1,204.69</u>
Less : Interest Received	(327.79)	(188.84)
(TDS Rs 33.24 lacs, prev year Rs 43.12 lacs)	750.93	1,015.85
Foreign Exchange Fluctuation	(774.21)	794.79
Bank Charges & Guarantee Commission	124.91	152.95
	<u>101.63</u>	<u>1,963.59</u>



SCHEDULE - 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2010.

A. SIGNIFICANT ACCOUNTING POLICIES:

1 Basis Of Preparation Of Financial Statements

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standard) Rules, 2006 and relevant provisions of the Companies Act, 1956. The financial statements are prepared on historical cost convention on an accrual basis, except for employees' benefit to the extent as in point-5b(ii) mentioned below. The Accounting Policies have been consistently applied by the Company.

2 Use of Estimates

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

3 Revenue Recognition

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

4 Excise Duty

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

5 Employee Benefits

- (a) Short term employee benefits obligations are estimated and provided for.
- (b) Post employment benefits and other long term benefits:
 - i. Defined contribution plans:
Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to revenue.
 - ii. Defined benefits plans and compensated leaves:
Company's Liability towards gratuity is covered with Life Insurance Corporation of India (LIC). Contribution towards gratuity is charged to revenue.
Leave encashment is charged to profit and loss account on cash basis.

6 Capital Subsidy

Capital subsidy for fixed assets is recognised on receipt basis and is disclosed under Capital Reserve. Further, in accordance with the guidelines issued by ICAI, proportionate amount to the extent of depreciation charged, is being transferred to the Profit and Loss Account.

5 Borrowing Cost

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

8. Fixed Assets and Depreciation/Amortisation.

- a. All Fixed Assets are stated at cost less depreciation and impairment loss, wherever applicable. Cost comprises acquisition costs and any other attributable cost of bringing the assets to its working condition for its intended use but excluding taxes and duties there on, wherever applicable.
- b. The leasehold land is amortised over the primary lease period excluding on perpetual lease.
- c. Machinery Spares/ Standby equipments which are used only in connection with the fixed assets and whose use is expected to be irregular are capitalized.
- d. Capital works-in-progress including capital advances is carried at cost.
- e. Depreciation has been calculated on straight line method at the rates and manner specified under the Schedule XIV of the Companies Act, 1956.
- f. The Company has treated its Sulphuric Acid Plant, Oil Plant and Turbo Generator as a continuous process plant and the depreciation is charged accordingly.
- g. Assets individually costing Rs.5000 or less are depreciated fully in the year of purchase.



KHAITAN CHEMICALS & FERTILIZERS LIMITED

9 Impairment of Assets

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

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

10 Inventories

Inventories are valued at the lower of cost and estimated realisable value. The cost of inventories is generally arrived at on the following basis

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

11 Investments

Long term investments are stated at cost less provision for diminution in value, other than temporary current investments are stated at the lower of cost and fair value on individual investment basis.

12 Foreign Currency Translations

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

13 Taxation

Income Tax

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

Deferred Tax

Deferred tax charge or credit is recognized using prevailing enacted or substantially enacted tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation/liabilities

14 Pre Project Expenditure

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

15. Earning per share

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

16. Provisions, Contingent Liabilities and Contingent Assets

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

Contingent liabilities are disclosed, unless the possibility of an outflow of resource embodying the economic benefit is remote. Contingent assets are neither recognized not disclosed in the financial statements.

KHAITAN CHEMICALS & FERTILIZERS LIMITED



B. NOTES ON ACCOUNTS:

		(Rs. in lacs)	
		31.03.2010	31.03.2009
1. Contingent Liabilities not provided for:			
a. Outstanding Letter of Credit issued by Bank (Net of liabilities provided)		-	1,100.48
b. Outstanding Bank Guarantee		949.41	2,184.15
c. Sales Tax Demand (under appeal)		0.48	0.60
d. Purchase Tax (under appeal) also filed Corporate Guarantee		192.84	203.05
e. Royalty on Rock Phosphate claimed by RSMM		158.36	158.36
f. Entry Tax		0.11	0.11
g. Sales Trade Tax		2.96	-
h. Central sales tax		1.87	-
i. Excise Duty		17.79	-
j. Income - Tax		74.52	-
k. Labour Laws		63.27	53.19
l. Custom duty under protest		38.89	-
2. Sales include /(reduced):			
Subsidy (net)		5391.71	10595.54
Sale of power		72.81	106.28
Revenue from NCDEX (net)		22.06	(76.49)
Rebate and Discount		(129.19)	(383.48)
3. Deferred Taxes			
The major components of deferred tax assets and deferred tax liabilities are set out below:			
Deferred tax liabilities			
(a) Depreciation/ Amortisation		1523.22	1597.94
(b) Others		-	21.27
		<u>1523.22</u>	<u>1619.21</u>
Deferred Tax Assets			
(a) Provision for doubtful debts/non moving items		2.09	-
(b) Expenses allowed on payment basis		4.14	-
		<u>6.23</u>	<u>-</u>
Deferred Tax Liabilities / (Assets)		<u>1516.99</u>	<u>1619.21</u>
4. Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act):			
Under the Micro, Small and Medium Enterprise Development Act, 2006, the Company is in the process of identifying such parties .In case of the parties already identified, there are no Micro and Small Enterprises, to whom the Company owes, which are outstanding for more than 45 days as at 31st March, 2010 .			
Further, during the period, no interest has been paid or payable under the terms of the said Act.			
5. The Company is in the process of obtaining confirmations and reconciliation with its debtors, creditors and other dues receivables. The confirmations to the extent received have been reconciled and adjustments, if any, have been made. The others are pending for confirmations, reconciliations and adjustments, if any. However, the management does not expect any significant variations in the existing status.			
6. In opinion of the Board and to the best of their knowledge and belief, value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.			
7. Repairs and maintenance includes consumption of stores and spares of Rs.305.19 lacs (previous year: Rs. 254.52 lacs) and provision for non- moving items of Rs.1.00 lacs (previous year: Rs.Nil lacs)			
8. Other Current Assets include claims filed under Rajasthan Investment Promotion Scheme (RIPS), 2003 of Rs. 21.82 Lacs (Previous year: Rs.21.82 Lacs) pertaining to 2006-07 and 2007-08, which were refused by the appropriate authorities in view of introduction of Rajasthan Value Added Tax w.e.f. 1st April, 2006 . However, based on the expert opinion, the amount has been considered good & recoverable by the management and accordingly an appeal has been filed with the Tax Board, Ajmer, Rajasthan.			
9. In respect of the liabilities towards gratuity and leave encashment, the management has taken policies with Life Insurance Corporation of India (LIC) and deposited amount with it. However , as required by AS-15 - Employees Benefits, the Company will be getting the actuarial done and in case of any deficiency , the same would be provided in the coming financial year.			
10. Disclosures in respect of Derivative Instruments :			
The Company uses Forward Exchange Contracts to hedge its exposure in foreign currency. The information on derivative instrument is as follows:			



KHAITAN CHEMICALS & FERTILIZERS LIMITED

	31.03.2010		31.03.2009	
	Amount in Foreign currency	Amount in Rs. Lacs	Amount in Foreign currency	Amount in Rs. Lacs
1. Forward Exchange Contracts outstanding USD/INR (Purchase)	USD 1482000	668.97	USD 1002004	504.31
2. Foreign currency exposures not covered by a derivative instrument or otherwise				
(a) Amount payable on account of Import of goods and services	USD 12993209	5865.13	USD 4766450	2428.51
(b) Amount payable on account of term loan	USD 2177224	982.80	USD 3568804	1818.31

11) Segment Information for the year ended 31st March, 2010 as required by Accounting Standard -17 Segment Reporting:

- (a) The Company is organized into two primary business segments mainly:
- i. Fertilizer and Chemicals
 - ii. Soya
- (b) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, and the internal financial reporting system

(Rs. in lacs)

Particulars	31.03.2010	31.03.2009
A. Segment-wise External Revenue		
a. Fertilizer and Chemicals	15595.54	21459.32
b. Soya	4690.44	13630.90
External Revenue	20285.98	35090.22
B. Segment-wise Results		
a. Fertilizer and Chemicals	640.03	3952.04
b. Soya	(466.57)	(155.50)
	173.46	3796.54
Less : Financial expenses (incl. of foreign exchange fluctuation)	101.63	1963.59
Results	71.83	1832.95
C. Segment-wise Capital Employed		
a. Fertilizer and Chemicals	13876.14	11158.51
b. Soya	5952.23	6243.60
	19828.37	17402.11
Add : Unallocated corporate assets (Investment)	244.00	261.50
Total Capital employed	20072.37	17663.61
D. Segment-wise Capital Expenditure		
a. Fertilizer and Chemicals	261.49	440.15
b. Soya	0.65	29.29
Total Capital Expenditure	262.14	469.45
E. Segment-wise Depreciation/Amortisation		
a. Fertilizer and Chemicals	446.82	427.04
b. Soya	256.04	256.73
Total Depreciation/ Amortisation	702.86	683.77
F. Segment-wise Non cash Expenditure other than Depreciation/ Amortisation		
a. Fertilizer and Chemicals	14.81	14.38
b. Soya	2.20	2.03
Total non cash expenditure other than Depreciation/ Amortisation	17.01	16.41

KHAITAN CHEMICALS & FERTILIZERS LIMITED



12. Related Party Disclosures as required by Accounting Standard -18 "Related Party Disclosures" are given below:

Relationship:

- (a) Related Party where control exists:
 (i) Shradha Projects Limited
- (b) An Associate and with whom the Company has transactions:
 (i) Shobhan Enterprises Private Limited
- (c) Key Management Person and their Relatives:
 (i) Shri Shailesh Khaitan : Chairman & Managing Director
 (ii) Smt. Swapna Khaitan : Wife of Chairman & Managing Director
 (iii) Shri R.S. Vijayvargiya : President & Secretary
 (iv) Smt. Manju Vijayvargiya : Wife of President
- (d) Related party which is under significant influence of KMP and/or their Relatives:
 (i) The Majestic Packaging Company Private Limited
 (ii) Tribhuvan Properties Limited.
 (iii) Arati Marketing Private Limited

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

(Rs. in lacs)

Name of Related Party	Name of Transaction	31.03.2010	31.03.2009
Shobhan Enterprises Pvt Ltd.	Loan given during the year	769.01	1291.59
	Loan recovered during the year	1507.87	
	Shares purchased	-	240.00
	Purchases	227.16	245.28
	Processing charges paid	-	75.00
	Interest on loan received	168.51	94.29
	Brokerage received	0.55	0.35
	Corporate guarantee received	-	525.00
	Corporate guarantee outstanding	484.94	509.00
	Loan outstanding	552.73	1291.59
Shradha Projects Ltd.	Loan Given	-	240.00
	Office Rent	23.45	23.82
	Interest Received	9.41	69.46
	Sale of Investments	1.80	-
	Dividend Paid	82.37	82.37
	Loan outstanding	-	306.89
Shri Shailesh Khaitan	Remuneration	39.62	72.65
	Dividend Paid	6.44	6.44
	Balance outstanding (cr.)	2.89	2.77
Smt. Swapana Khaitan	Dividend Paid	2.39	2.39
Shri R.S. Vijayvargiya	Remuneration	21.39	13.92
	Balance outstanding (cr.)	0.48	0.20
Smt. Manju Vijayvargiya	Balance outstanding (dr.)	16.53	15.37
The Majestic Packaging Company Private Limited	Dividend Paid	39.68	39.68
Tribhuvan Properties Limited	Rent Paid	33.09	33.71
Arati Marketing Private Limited	Brokerage Received	0.59	0.03

13. Amount paid /payable by the Company to Directors (including Managing Director) as remunerations of services rendered in any capacity:

Particulars	31.03.2010	31.03.2009
a) Directors' sitting fees	1.60	1.12
b) Salary and Allowances	24.00	52.47
c) Commission	-	10.66
d) Other perquisites and benefits	15.62	9.43
	<u>41.22</u>	<u>73.68</u>

Note: Remuneration to Managing Director is subject to the approval of shareholder in the ensuing general meeting

14) Auditor's remuneration (excluding service tax) :

Particulars	31.03.2010	31.03.2009
a) Audit Fees	4.00	3.00
b) Other Services	2.50	2.03
c) Reimbursement of out of pocket expenses	1.66	3.18
	<u>8.16</u>	<u>8.21</u>



KHAITAN CHEMICALS & FERTILIZERS LIMITED

15) Pre- Operative Expenses:

Capital work -in- progress includes pre-operative expenses incurred on Dahej Project, which is waiting for statutory environmental clearance.

Particulars	(Rs. in lacs)	
	31.03.2010	31.03.2009
a) Legal and professional expense	2.90	-
b) Soil testing charges	0.02	0.87
c) Interest expense	29.87	-
d) Others (Net)	4.32	0.18
	<u>37.11</u>	<u>1.05</u>

16) Prior Period adjustments :

Particulars	(Rs. in lacs)	
	31.03.2010	31.03.2009
Expenses:		
a) Sales Tax/Entry Tax/ Excise Duty	-	201.06
b) Amortisation of Leasehold land	7.09	-
c) Repairs & Maintenance - Windmill	1.19	-
d) Others (Net)	36.05	1.88
Income:		
a) Foreign Exchange Fluctuation	(9.31)	-
Total	<u>35.02</u>	<u>202.94</u>

17) Earning Per Share

Particulars	(Rs. in lacs)	
	31.03.2010	31.03.2009
Net Profit/(Loss) available for equity shareholders. (Rs./lacs)	83.51	1028.80
Number of equity shares outstanding (Nos.)	9698920	9698920
Basic and Diluted earnings per share (Rupees)	0.86	10.61
Face value per share	10.00	10.00

18) Additional information, wherever applicable, pursuant to paragraph 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

(a) Particulars of Capacity & Production: (as certified by the management)

S. No.	Particulars	Unit	Installed Capacity		Actual Production	
			2009-2010	2008-2009	2009-2010	2008-2009
i.	Single Super Phosphate	MT	845,500	845,500	332,543	226,000
ii.	Sulphuric Acid	MT	221,100	221,100	94,895	62,423
iii.	Oleum	MT	26,500	26,500	2,584	3,628
iv.	Liq. Sulphur Trioxide	MT	3,300	3,300	1,924	1,031
v.	Seed Crushing	MT	420,000	420,000	12,135	51,395
vi.	Refined Oil	MT	30,000	30,000	5,485	11,895

Note: Licensed Capacity per annum not indicated due to the abolition of Industrial Licenses as per Notification No.477 (E) dated 25th July, 1991 issued under The Industries (Development and Regulations) Act, 1951.

(b) Particulars of Raw Material Consumed :

S. No.	Particulars	2009-2010		2008-2009	
		Quantity (in M.T.)	Value (Rs. in lacs)	Quantity (in M.T.)	Value (Rs. in lacs)
i	Sulphur	33,977	1,407.26	22,969	5,026.13
ii	Rock Phosphate	189,510	13,000.07	129,803	7,325.04
iii	Sulphuric Acid /Spent Acid	75,623	832.79	58,613	1,733.27
iv	Soya Seed / Oil	12,135	2,620.71	51,395	10,185.96
v	Oil / Degum	3,626	1,514.88	-	-
vi	Others	-	2.08	-	6.00

KHAITAN CHEMICALS & FERTILIZERS LIMITED



c) Value of Imported & Indigenous Raw Materials, Spare Parts, Components & Stores consumed during the year :

S. No.	Particulars	2009-2010		2008-2009	
		% of total Consumption	Value (Rs.in Lacs)	% of total Consumption	Value (Rs.in Lacs)
i.	Raw materials :				
	Imported	46.63	9,034.95	14.59	3541.55
	Indigenous	53.37	10,342.85	85.41	20734.85
	Total	100.00	19,377.80	100.00	24276.40
ii	Stores, Spares & Component				
	Imported	-	-	-	-
	Indigenous	100.00	1481.75	100.00	1224.87
	Total	100.00	1481.75	100.00	1224.87

(d) Particulars of value of Imports calculated on CIF basis: (Rs. in lacs)

S.No.	Particulars	2009-2010	2008-2009
i.	Raw Material (including through other Importer Rs.182.07 lacs: previous year Rs.636.71 lacs)	10203.48	4174.90
ii.	Traded Goods - Sulphur and Rock phosphate on high seas sales basis	96.04	-
iii.	Capital goods	-	-
iv.	Components and Spare parts	-	-

(e) Particulars of Sales, Opening Stock and Closing stock:

S. No.	Class of Goods	Unit	Opening Stock		Closing Stock		Sales	
			2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
1	Single Super Phosphate (Rs. In lacs)	MT	34587	28850	122585	34587	244520	220259
2	Sulphuric Acid (Rs. In lacs)	MT	1572.92	873.67	6583.38	1572.92	14010.29	17563.19
3	Soya Oil (Rs. In lacs)	MT	3669	5598	3937	3669	45941*	35668*
4	De-Oiled Cake (Rs. In lacs)	MT	55.77	458.72	84.04	55.77	1118.31	3013.66
5	Others (Rs. In lacs) (including traded goods)		501	2911	658	501	5345	12284
			214.17	1660.71	289.79	214.17	2538.42	6803.68
			16	3536	92	16	9964	46143
			2.68	488.49	14.64	2.68	1887.07	6591.34
			10.02	20.84	7.85	10.02	663.27**	1106.36**

* Excluding self consumption 48687 MT (Previous Year : 28683 MT)

** Net of Commodity Futures & Derivatives transactions

(f) Expenditure in Foreign Currency:

	(Rs. in lacs)	
	2009-2010	2008-2009
i. Fees & Subscription	1.97	1.19
ii. Interest on Foreign currency loan	130.35	221.14
	130.35	222.33

19) Previous year figures have been re-arranged and/or re-grouped wherever considered necessary.

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

For and on behalf of Broad

SHAILESH KHAITAN
(Chairman & Managing Director)

R.S. VIJAYVARGIYA
(President & Secretary)

(CA ATUL SEKSARIA)

Partner
M.No. 86370

J.L. JAJOO
O.P. BAGLA
(Directors)

PLACE: NEW DELHI
DATED: 14.05.2010



KHAITAN CHEMICALS & FERTILIZERS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details:

Registration No. : L24219MP1982PLC004937 State Code : 10
Balance Sheet Date : 31st March, 2010

II. Capital Raised During the Year:

(Rs.in lacs)

2009-2010

Public Issue	-
Rights Issue	-
Subscription through Warrants	-
Bonus Issue	-
Private Placement	-
Others	-

III. Position of Mobilisation And Deployment of Funds:

Total Liabilities **20,072.37**
Total Assets **20,072.37**

Source of Funds

Paid - up Capital **969.89**
Reserves & Surplus **6,847.59**
Secured Loans **10,737.90**
Deferred Tax **1,516.99**

Application of Funds

Net Fixed Assets **8,277.36**
Investments **244.00**
Net Current Assets **11,551.01**
Misc. Expenditure -

IV. Performance of the Company:

Total Income **25,410.12**
Total Expenditure **25,373.31**
Profit/ (Loss) Before Tax **36.81**
Profit/ (Loss) After Tax **80.68**
Earnings Per Share (Rs.) **0.86**
Dividend @ 12% (last year 18%) **116.39**

V. Generic Names of three principal products / services of the Company (as per monetary terms):

Item Code No : (ITC Code)	31031000
Product Description	Single Super Phosphate
Item Code No : (ITC Code)	28070001
Product Description	Sulphuric Acid
Item Code No : (ITC Code)	15079000.10
Product Description	Soyabean Oil Edible Grade
Item Code No : (ITC Code)	230400.03
Product Description	Meal of Soya Bean

R.S. VIJAYVARGIYA

(President & Secretary)

SHAILESH KHAITAN

(Chairman & Managing Director)

J.L. JAJOO

O.P. BAGLA

(Directors)

PLACE: NEW DELHI

DATED: 14.05.2010

KHAITAN CHEMICALS & FERTILIZERS LIMITED



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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full Name of the member attending _____

Full name of the first joint holder _____

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

Name of Proxy _____

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

I/we, hereby record my presence at the 28th Annual General Meeting of the Company held at the Registered of the Company at A. B. Road, Village Nimrani, Dist. Khargone (M.P.) on Friday, the 30th day of July, 2010 at 1.00 P.M.

Regd. Folio No. : _____

DP ID/Client ID No. : _____

No. of Shares held : _____

Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

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

Khaitan Chemicals & Fertilizers Limited

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

PROXY FORM

I/We _____ of _____ in the district of _____ being a member/members of KHAITAN CHEMICALS & FERTILIZERS LIMITED, hereby appoint _____ of _____ in the district of _____ or failing him, _____ of _____ in the district of _____ as my/our proxy to vote for me / us on my / our behalf at the 28th Annual General Meeting of the Company to be held on Friday, the 30th day of July, 2010, at 1.00 P.M. at A. B. Road, Village Nimrani, Dist. Khargone (M.P.) and any adjournment thereof.

Signed this _____ day of _____ 2010.

Regd. Folio No. : _____

DP ID/Client ID No. : _____

No. of Shares held : _____

**AFFIX
Rupee 1.00
Revenue
Stamp**

NOTES:

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

*** Strike out whichever is not applicable**

FOR OFFICE USE ONLY:

PROXY NO.: _____

DATE OF RECEIPT: _____