



# **KHAITAN CHEMICALS AND FERTILIZERS LIMITED**



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



<b>ANNUAL GENERAL MEETING:</b> Date : 7 <sup>th</sup> August, 2014 Day : Thursday Time : 1.00 P.M. Place : Registered Office	<b>BOARD OF DIRECTORS:</b> Shailesh Khaitan : Chairman & Managing Director Jagdish Lal Jajoo : Whole Time Director Dr. Prakash Goyal : Director Vijay Gupta : Director Balmukund Dakhera : Director Utsav Khaitan : Whole Time Director (w.e.f. 20.05.2014)
<b>REGISTERED OFFICE:</b> A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone -451569 (M.P.)	<b>PRESIDENT &amp; SECRETARY:</b> R. S. Vijayvargiya
<b>INDORE OFFICE:</b> 301-308, Apollo Arcade, 1/2, Old Palasia, Indore -452018 (M.P.)	<b>AUDITORS:</b> M/s. S. S. Kothari Mehta & Co. 146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065
<b>DELHI OFFICE:</b> 201, Skipper House, 62-63, Nehru Place, New Delhi-110019	<b>KOLKATA OFFICE:</b> 46-C, Rafi Ahmed Kidwai Road, 3 <sup>rd</sup> Floor, Kolkata-700 016
<b>WORKS :</b>	<b>SOLICITORS:</b> M/s. Khaitan & Partners Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001
<b>Fertilizers &amp; Chemical Division:</b> 1). A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451569 (M.P.) 2). Village Goramachia, Kanpur Road, Jhansi - 248001 (U.P.) 3). Village Dhinva, Tehsil Nimbahera Dist. Chittorgarh - 312601 (Rajasthan) 4). A-1, UPSIDC Industrial Area, Malwan, Dist. Fatehpur - 212664 (U.P.) 5). Village Farhad (Somni), Dist. Rajnandgaon - 491443 (Chattisgarh) 6). 42/7, GIDC Industrial Estate, Dahej, Vagra Dist. Bharuch-392130 (Gujarat) <b>Processing facility at Arihant phosphate &amp; Fertilizers Ltd.</b> 7). Village Sagwadia, Tehsil Nimbaheda, Dist. Chittorgarh - 312601 (Rajasthan)	<b>BANKERS:</b> ● State Bank of India ● IDBI Bank Ltd. ● Corporation Bank ● HDFC Bank Ltd., ● Axis Bank Ltd.
<b>Soya Division:</b> Dosigaon Industrial Area, Ratlam - 457001 (M.P.)	<b>CONTENTS:</b> Notice : 01-08 Directors' Report : 09-11 Management Discussion & Analysis Report : 12-13 Report on Corporate Governance : 14-18 Auditor's Report : 19-21 Balance Sheet : 22 Statement of Profit & Loss : 23 Cash Flow Statement : 24 Notes to financial statements : 25-40
	<b>Listing of Shares:</b> The Bombay Stock Exchange Ltd. (B.S.E.) Stock Code: 507794 ISIN No.: INE745B01028 (NSDL & CDSL)

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

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## NOTICE

NOTICE is hereby given that the **THIRTY SECOND ANNUAL GENERAL MEETING OF 'KHAITAN CHEMICALS & FERTILIZERS LIMITED'** will be held at the registered office of the Company at A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone, Madhya Pradesh on Thursday, 7<sup>th</sup> day of August, 2014 at 1:00 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2014, including the Audited Balance Sheet as at 31<sup>st</sup> March, 2014, the statement of profit and loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend on the equity shares of the Company for the year ended on 31<sup>st</sup> March, 2014.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT M/s. S.S. Kothari Mehta & Co., Chartered Accountants (Registration No. 000756N) be and is hereby appointed as an Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS:

4. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.  
To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:  
"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;  
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
5. **Increase the overall limit of borrowing:-**  
To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:  
"RESOLVED THAT in suppression of the earlier resolution passed at the 27<sup>th</sup> Annual General Meeting of the members of the Company held on 31<sup>st</sup> day of July 2009, the consent of the Company be and is hereby accorded under the provisions of Section 180(1)(c) and rules made thereunder of the Companies Act, 2013 and all other applicable provisions, if any (previously Section 293(1)(d) of the Companies Act, 1956), to the Board of Directors to borrow from time to time such sum or sums of monies as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from Company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of Rs. 600 Crores (Rupees Six Hundred Crores)."
6. **Appointment of Shri Utsav Khaitan, as a Director liable to retire by rotation and also as a Whole Time Director**  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, pursuant to the provisions of Section 149 of the Companies Act, 2013 and the rules made thereunder and all other applicable provisions, if any, and the Articles of Association of the Company, Shri Utsav Khaitan (DIN: 03021454.) who has appointed as an Additional Director by the Board of Directors with effect from 20.05.2014 to hold office of the Director until the date of Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Utsav Khaitan (DIN: 03021454) as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company and he is liable to retire by rotation."

"RESOLVED FURTHER THAT, pursuant to provisions of Section 188, 196 and 197, Schedule V and other applicable provisions of the Companies Act, 2013, and rules thereunder the approval of the Company be and is hereby accorded for appointment of Shri Utsav Khaitan (DIN: 03021454) as a Whole time Director of the Company for a period of five years, with effect from 20.05.2014 on the terms and conditions as specified in the statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice convening this Annual General Meeting a copy whereof 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 by the Board of Directors of the Company and Shri Utsav Khaitan."

7. **Re-appointment of Shri Shailesh Khaitan as the Chairman and Managing Director.**  
To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:  
"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Shailesh Khaitan (DIN: 0041247) as Chairman and Managing Director (Key Managerial Person) of the Company, for a period of 5 (five) years with effect from April 1, 2014, on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Shri Shailesh Khaitan, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;  
"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
8. **Re-appointment of Shri Jagdish Lal Jajoo as a Whole Time Director.**  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Jagdish Lal Jajoo (DIN: 02758763) as a Whole Time Director of the Company, for a period of 5 (five) years with effect from April 1, 2014, on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to



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include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Shri Jagdish Lal Jajoo, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof; and Shri Jagdish Lal Jajoo shall be liable to retire by rotation from the post of Directors of the Company in terms of Section 152 of the Companies Act, 2013 and rules made thereunder."

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

9. **Re-appointment of Shri Balmukund Dakhera as an Independent Director, not liable to retire by rotation:**

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

"**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of listing agreement, Shri Balmukund Dakhera (holding DIN:05105269), Director of the Company, who retires by rotation at this Annual General Meeting (under the erstwhile applicable provisions of the Companies Act, 1956), and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to proposed Shri Balmukund Dakhera as a candidate for the Office of the Director of the Company be and is hereby appointed as an 'Independent Director' of the Company to hold office for a term of five years for the period of 01.04.2014 to 31.03.2019 and he shall not be liable to retire by rotation."

"**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Balmukund Dakhera be paid such fees as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed by the Company from time to time."

10. **Re-appointment of Dr. Prakash Goyal as an Independent Director, not liable to retire by rotation:**

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

"**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of listing agreement, Dr. Prakash Goyal (holding DIN:00754744), Director of the Company, liable to retires by rotation (under the erstwhile applicable provisions of the Companies Act, 1956), and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to proposed Dr. Prakash Goyal as a candidate for the Office of the Director of the Company be and is hereby appointed as an 'Independent Director' of the Company to hold office for a term of five years for the period of 01.04.2014 to 31.03.2019 and he shall not be liable to retire by rotation."

"**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Prakash Goyal be paid such fees as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed by the Company from time to time."

11. **Re-appointment of Shri Vijay Gupta as an Independent Director not liable to retire by rotation:**

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

"**RESOLVED** that pursuant to the provisions of Sections 149, 150,

152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of listing agreement, Shri Vijay Gupta (holding DIN:03511193) Director of the Company, liable to retires by rotation (under the erstwhile applicable provisions of the Companies Act, 1956), and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to proposed Shri Vijay Gupta as a candidate for the Office of the Director of the Company be and is hereby appointed as an 'Independent Director' of the Company to hold office for a term of five years for the period of 01.04.2014 to 31.03.2019 and he shall not be liable to retire by rotation."

"**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Vijay Gupta be paid such fees as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed by the Company from time to time."

12. **Appointment of Ms. Veena Chadha as a Woman Director.**

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

"**RESOLVED THAT**, pursuant to the provisions of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV of the Companies Act, 2013, Ms. Veena Chadha (DIN: 06886533) be and is hereby appointed as an Independent Woman Director of the Company at this Annual General Meeting to hold office for a term of five years with effect from 07.08.2014 to 06.08.2019 and she is not liable to retire by rotation."

"**RESOLVED FURTHER THAT**, pursuant to the provisions of Section 160 of the Companies Act, 2013 the Company has received a notice in writing from a member signifying her intention to propose as a candidate for the office of a Director of the Company."

"**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Veena Chadha be paid such fees as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time."

13. **To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015.**

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

"**RESOLVED** that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 95,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2015 as approved by the Board of Directors of the Company, to be paid to **M/s. M.P. Turakhia & Associates, Cost Accountants**, for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (**for Fertilizers**), units at Nimrani, Jhansi, Malwan and Rajnandgaon (**for Sulphuric Acid**) and Ratlam (**for Soya Products**) be and is hereby ratified and confirmed."

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

Registered Office :  
A.B. Road, Village-Nimrani,  
Dist. Khargone (M.P.)  
Date : June, 20, 2014

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

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS PRIOR THE MEETING.
2. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies and has issued a circular on April 21, 2011 stating that the service of document by a Company can be made through electronic mode.
3. Member(s)/Proxies are requested to bring the attendance slip annexed herewith, duly filled in, for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from August 1, 2014 to August 7, 2014, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
5. Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
6. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
7. 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.
8. 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.
9. Shareholders who are still holding physical share certificate are advised to dematerialize their shareholding to avail benefit of dematerialization.
10. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2005-06 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. (Section 125 of Companies Act, 2013).
11. Members are advised to claim their unpaid dividend for the year 2006-07 to 2012-13 if any, the Company is having unpaid dividend of Rs. 41.49 lacs for the year 2006-07 to 2012-13. Attention of the members of the Company are drawn towards the provisions of section 124(6) which provides that all the shares in respect of which unpaid or unclaimed dividend has been transferred u/s 124(5) shall also be transferred by the company in the name of IEPF (section 124(6) yet to be notified). Therefore in the interest of the members it is advised to take appropriate action to encash the unpaid dividend and update their bank particulars through the respective DPs.
12. 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.
13. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
14. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
16. Electronic copy of the Annual Report for the FY 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2013-14 is being sent in the permitted mode.
17. The register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting of the Company.
18. The Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.
19. Electronic copy of the Notice of the 32<sup>nd</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 32<sup>nd</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
20. Members may also note that the Notice of the 32<sup>nd</sup> Annual General Meeting and the Annual Report for the FY 2013-14 will also be available on the Company's website [www.khaitanchemfert.com](http://www.khaitanchemfert.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com).
21. Voting through electronic means
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 32<sup>nd</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by NSDL. The instructions for e-voting are as under:
    - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
      - (i) Open email and open PDF file viz; "KCFL.PDF" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
      - (ii) Launch internet browser by typing the following URL: <http://www.evoting.nsdl.com>
      - (iii) click on Shareholder – Login
      - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
      - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
      - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
      - (vii) Select "Khaitan Chemicals & Fertilizers Ltd." of (COMPANY NAME).
      - (viii) Now you are ready for e-voting as Cast Vote page opens.
      - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
      - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
      - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
      - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI



- etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to : [csriteshguptakcfi@gmail.com](mailto:csriteshguptakcfi@gmail.com) with a copy marked to : [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com).
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :
- Initial password is provided as below/at the bottom of the Attendance Slip for the AGM : EVEN (E-Voting Event Number) **PASSWORD/PIN USER ID**
  - Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of <http://www.evoting.nsdl.com>.
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on July 31, 2014 (9.00 am) and ends on August 2, 2014 (6.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of June 30, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of June 30, 2014.
- VII. CS Ritesh Gupta, Company Secretary in whole time Practice (ICSI Membership No. 5200 CP No. 3764) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website at [www.khaitanchemfert.com](http://www.khaitanchemfert.com) within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

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

### Item No. 4

The Articles of Association ("AoA") of the Company as presently in force when the Company was incorporated in 1982. The existing ("AoA") are based on the Companies Act, 1956 and several regulations in the existing ("AoA") contain references to specific sections of the Companies Act, 1956 and some regulations in the existing ("AoA") are no longer in conformity with the Act. The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction/ confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several regulations of the existing

("AoA") of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing ("AoA") by a new set of Articles.

The new ("AoA") to be substituted in place of the existing ("AoA") are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft ("AoA") of the Company viz:

- Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- existing articles have been streamlined and aligned with the Act;
- the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- provisions of the existing ("AoA") which are already part of statute in the Act have not been reproduced in the new draft ("AoA") as they would only lead to duplication – their non-inclusion makes the new ("AoA") crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft ("AoA") is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 4 of the Notice.

The Board commends the **Special Resolution** set out at Item No. 4 of the Notice for approval by the shareholders.

### Item No. 5

The members of the Company at their 27<sup>th</sup> Annual General Meeting held on 31.07.2009 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 400 Crores (Rupees Four Hundred Crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12<sup>th</sup> September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from Company's bankers in the ordinary course of business) and remaining outstanding at any point of time except with the consent of the Company accorded by way of a special resolution.

In view of the above and expected growth in the business of the Company, it may be necessary for the Company to borrow monies from various sources, consequent to which the amount outstanding could exceed the present limit of Rs. 400 crores. Further under law, it is now required that such a resolution be passed by way of a special resolution.

Your Directors accordingly commend increase in the borrowing powers from Rs. 400 crores to Rs. 600 crores as set out in the resolution at Item No. 5 for approval of the members as a **Special Resolution**.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

### Item No. 6

Shri Utsav Khaitan is associated with the Company since 06.08.2013, as Management Trainee. He is qualified as B.Sc in Economics from New York University.

The Board of Directors of the Company at its meeting held on 20<sup>th</sup> day of May, 2014 upon the approval of the Nomination and Remuneration Committee of the Board at their meeting held on 20.05.2014. has appointed Shri Utsav Khaitan, as an Additional Director and also Whole Time employment, under Section 149, 152, and 161, subject to the approval of members and shareholders of the Company in ensuing annual general meeting for a period of five years w.e.f. 20.05.2014, at the remuneration, in accordance with the norms laid down in Section 196, 197 and other applicable provisions of the Companies Act, 2013 and the rules



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made there under, read with Schedule V of the Companies Act, 2013.

Shri Utsav Khaitan shall be specifically looking after marketing activity. Shri Utsav Khaitan is son of Shri Shailesh Khaitan, Promoter, Chairman and Managing Director of the Company and to take him on Board for larger long term interest of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri Utsav Khaitan will hold the office up to date of the ensuing AGM. The Company has received notice with deposit of Rs. 1,00,000/- in writing intending his candidature under the provision of Section 160 of the Companies Act, 2013, for the office of Whole Time Director and shall be liable to retire by rotation.

The Company has received from Shri Utsav Khaitan (i) consent in writing to act as a director in prescribed form DIR-2 and (ii) an intimation in prescribed form DIR-8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013.

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

## Remuneration, benefits and perquisites:

**i. Salary:** Rs. 90,000/- (Rupees Ninety Thousand) per month, with an annual increment of Rs. 10,000/- per month. Salary will be subject to the deduction of Income tax at the applicable rates, under the Income Tax Act, 1961.

### ii. Perquisites:

#### a) Housing:

The Company shall provide accommodation for the Whole Time Director at place other than New Delhi, being his permanent residence.

#### b) Medical Reimbursement:

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

#### c) Leave and Leave Travel Concession:

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

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

#### d) Club Fees:

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

#### e) Personal Accident Insurance:

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

#### f) Car & Telephone:

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

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

#### g) Limits on Remuneration:

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

### iii) Minimum Remuneration:

In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, perquisites, benefits, allowances and amenities payable to Shri Utsav Khaitan shall be in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, as amended from time to time.

### iv) Sitting Fees:

He shall not be paid sitting fees for attending the meetings of the Board of Directors of the Company and committees thereof.

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

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

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

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

Shri Utsav Khaitan is holding 13440 Equity shares consisting 0.01% of the paid up capital of the Company.

This explanation, together with the accompanied notice is and should be treated as an abstract under Section 189 and 190 of the Companies Act, 2013 and rules made thereunder, in respect of the appointment of Shri Utsav Khaitan, as the Whole Time Director.

The resolution for seeks approval of members as an **Ordinary Resolution** for the appointment of Shri Utsav Khaitan as a Whole time director of the Company from 20.05.2014 to 19.05.2019, pursuant to the provisions of Section 196 and 197 read with schedule V other applicable provision of the Companies Act, 2013 and the rules made there under.

### Item No. 7

Shri Shailesh Khaitan was re-appointed as the Managing Director in 30<sup>th</sup> Annual General Meeting of the Company w.e.f. 01.04.2012 for a period of 3 years.

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

The present terms of appointment of Shri Shailesh Khaitan is expiring on 31.03.2015 and in view of introduction of the Companies Act, 2013, it would be appropriate to appoint him afresh from April 1, 2014.

In view of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 20<sup>th</sup> day of May, 2014 and on the recommendation of the Nomination and Remuneration Committee at their meeting held on 20.05.2014, has revised the term of appointment of Shri Shailesh Khaitan as the Chairman & Managing Director (Key Managerial Person) of the Company subject to the approval of members of the Company in ensuing annual general meeting for a period of five years with effect from 01.04.2014, on the remuneration norms laid down in Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under, read with Schedule V of the Companies Act, 2013.

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

## Remuneration, benefits and perquisites:

**i. Salary:** Rs. 7,00,000/- (Rupees Seven Lacs) per month, with an annual increment of Rs. 50,000/- per month. Salary will be subject to the deduction of Income tax at the applicable rates, under the Income Tax Act, 1961.

### ii. Contribution to Provident Fund:

The Company's contribution towards Provident Fund is 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, 1961.

### iii. Commission:

1% on the net profit of the Company, computed in manner laid down under the Companies Act, 2013 subject to the maximum 100% of the salary.

### iv. Perquisites

#### a) Housing:

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

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

(iii) If accommodation in the Company's owned house is provided, the Chairman and 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.

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## d) Club Fees:

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

## e) Personal Accident Insurance:

The Company shall pay an annual premium of a sum not exceeding Rs. 50,000/- towards personal accident insurance policy of Shri Shailesh Khaitan.

## f) Car & Telephone:

- (i) Free use of the 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 Chairman and Managing Director.

## v). Limits on Remuneration:

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

## 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 Section II of Part II of Schedule V of the Companies Act, 2013 as amended from time to time.

## vii). Sitting Fees:

He 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 the Chairman & Managing Director.

Except Shri Shailesh Khaitan being an appointee and Shri Utsav Khaitan, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

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

Shri Shailesh Khaitan is holding 35,79,830 Equity shares consisting 3.69% of the paid up capital of the Company.

This explanation, together with the accompanied notice is and should be treated as an abstract under Section 189 and 190 of the Companies Act, 2013 and rules made there under, in respect of the appointment of Shri Shailesh Khaitan, as the Chairman and Managing Director.

The resolution for seeks approval of members as an **Ordinary Resolution** for the appointment of Shri Shailesh Khaitan, as a Chairman and Managing Director of the Company from 01.04.2014 to 31.03.2019, pursuant to the provisions of Section 196, 197 and 203 read with Schedule V other applicable provision of the Companies Act, 2013 and the rules made there under.

## Item No. 8

Shri Jagdish Lal Jajoo is a Chartered Accountant and he was earlier associated with the Company since beginning to 1995 as Vice President/ President/ Executive Director/Independent Director, and thereafter remains on the Board as a Whole Time Director.

The present terms of appointment of Shri Jagdish Lal Jajoo is expiring on 31.10.2014 and in view of introduction of the Companies Act, 2013, it would be appropriate to appoint him afresh from April 1, 2014.

In view of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 20<sup>th</sup> day of May, 2014 and on the recommendation of the Nomination and Remuneration Committee at their meeting held on 20.05.2014 has revised the term of appointment of Shri Jagdish Lal Jajoo, as Whole Time Director of the Company subject to the approval of members of the Company in ensuing annual general meeting for a period of five years with effect from 01.04.2014, at the remuneration norms laid down in Section 196, 197 and other applicable provisions of the Companies Act, 2013 and the rules made there under, read with Schedule V of the Companies Act, 2013.

Further, Shri Jagdish Lal Jajoo shall be specifically looking after strategically business development and administration. The information in respect of the terms of remuneration and perquisites is given below:

## Remuneration, benefits and perquisites:

i. **Salary:** Rs. 1,00,000/- per month, Salary will be subject to the deduction of Income tax/professional tax at the applicable rates, under the Income Tax Act, 1961.

## ii. Perquisites

### a) Housing:

The Company shall provide accommodation for the Whole Time Director at place other than Mumbai, being his permanent residence.

### b) Medical Reimbursement:

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

### c) Leave and Leave Travel Concession:

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

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

### d) Club Fees:

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

### e) Personal Accident Insurance:

The Company shall pay an annual premium of a sum not exceeding Rs. 20,000/- towards personal accident insurance policy of Shri Jagdish Lal Jajoo.

### f) Car & Telephone:

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

### g) Limits on Remuneration:

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

## iii) Minimum Remuneration:

In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, perquisites, benefits, allowances and amenities payable to Shri Jagdish Lal Jajoo shall be in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 as amended from time to time.

## iv) Sitting Fees:

He shall not be paid sitting fees for attending the meetings of the Board of Directors of the Company.

Shri Jagdish Lal Jajoo is liable to retire by rotation during his tenure as Whole Time Director.

Except Shri Jagdish Lal Jajoo being an appointee, none of the Directors of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

This explanation, together with the accompanied notice is and should be treated as an abstract under Section 189 and 190 of the Companies Act, 2013 and rules made there under, in respect of the appointment of Shri Jagdish Lal Jajoo, as the Whole Time Director.

There shall be relations with Shri Jagdish Lal Jajoo and the Company as an employee and employer for all the purposes.

Shri Jagdish Lal Jajoo is holding 240 Equity shares consisting employer negligible% of the paid up capital of the Company.

The resolution for seeks approval of members as an **Ordinary Resolution** for the appointment of Shri Jagdish Lal Jajoo as Whole Time Director of the Company from 01.04.2014 to 31.03.2019, pursuant to the provisions of Section 196 and 197 read with Schedule V other applicable provision of the Companies Act, 2013 and the rules made there under.

## Item No. 9

Shri Balmukund Dakhera, is a Chartered Accountants and he is having rich & vast experience in the field of Taxation & Finance.

Shri Balmukund Dakhera is a Non-Executive (Independent) Director of the Company. He joined the Board in October 31, 2011. He is Chairman of Audit Committee and Remuneration Committee (now Nomination & Remuneration Committee) of Khaitan Chemicals & Fertilizers Ltd. Shri Balmukund Dakhera retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956.

In terms of Section 149 read with schedule IV, Section 150, 152 and other applicable provisions of the Companies Act, 2013, Shri Balmukund Dakhera being eligible and seeking re-appointment, is proposed to be appointed as an **Independent Director** for a term of five years from 01.04.2014 to 31.03.2019.



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The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Shri Balmukund Dakhera for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Shri Balmukund Dakhera (i) a consent in writing to act as a director in prescribed Form DIR-2 and (ii) an intimation in prescribed Form DIR -8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 and (iii) A declaration to the effect that he meets the criteria of Independence as provided in sub Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri Balmukund Dakhera as an Independent Directors of the Company for a term of five years 01.04.2014 to 31.03.2019 pursuant to the provisions of Section 149, 152 and other applicable provision of the Companies Act, 2013 and the rules made thereunder, and he is not liable to retire by rotation.

In the opinion of the Board, Shri Balmukund Dakhera, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Shri Balmukund Dakhera, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working day upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Balmukund Dakhera as an Independent Director.

Accordingly, the Board recommends the resolution to appoint Shri Balmukund Dakhera as an Independent Director for the approval of the members.

Except Shri Balmukund Dakhera, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Shri Balmukund Dakhera is holding NIL Equity shares consisting NIL% of the paid up capital of the Company.

## Item No. 10

Dr. Prakash Goyal is a Chemical Engineer possessing a wide and varied experience in 'Excellent General Management Skills' & 'Vast Project Consulting Experience'. He is qualified as Ph.D in (Chemical Engineering) and B.S.C. Tech. (Chemical Engineering).

Dr. Prakash Goyal is a Non-Executive (Independent) Director of the Company. He has been on the Board of Khaitan Chemicals & Fertilizers Ltd. since July, 16, 1999. He is Chairman of Shareholders'/ Investors' Grievance Committee (now Stakeholders Committee) of Khaitan Chemicals & Fertilizers Ltd. and he is member of the Audit Committee and Remuneration Committee (now Nomination & Remuneration Committee) of Khaitan Chemicals & Fertilizers Ltd. The appointment of Dr. Prakash Goyal is liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

In terms of Section 149 read with schedule IV, Section 150, 152 and other applicable provisions of the Companies Act, 2013, Dr. Prakash Goyal, being eligible and seeking re-appointment, is proposed to be appointed as an **Independent Director** for a term of five years from 01.04.2014 to 31.03.2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Dr. Prakash Goyal for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Dr. Prakash Goyal (i) a consent in writing to act as a director in prescribed Form DIR-2 and (ii) an intimation in prescribed Form DIR -8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 and (iii) A declaration to the effect that he meets the criteria of Independence as provided in sub Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Dr. Prakash Goyal as an Independent Directors of the Company for a term of five years 01.04.2014 to 31.03.2019 pursuant to the provisions of Section 149, 152 and other applicable provision of the Companies Act, 2013 and the rules made thereunder, and he is not liable to retire by rotation.

In the opinion of the Board, Dr. Prakash Goyal, the Independent Director

proposed to be appointed, fulfils the conditions specified in the Act and rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Dr. Prakash Goyal, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working day upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Dr. Prakash Goyal as an Independent Director.

Accordingly, the Board recommends the resolution to appoint Dr. Prakash Goyal as an Independent Director for the approval of the members.

Except Dr. Prakash Goyal, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.

10. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Dr. Prakash Goyal is holding 800 Equity shares consisting negligible% of the paid up capital of the Company.

## Item No. 11

Shri Vijay Gupta is a Businessman and he is possessing a rich and vast experience in field of Trade and Marketing.

Shri Vijay Gupta is a Non-Executive Independent Director of the Company. He has been on the Board of Khaitan Chemicals & Fertilizers Ltd. since May, 18, 2011. He is Members of Shareholders'/Investors' Grievance Committee (now Stakeholders Committee), Audit Committee and Remuneration Committee (now Nomination & Remuneration Committee) of Khaitan Chemicals & Fertilizers Ltd. The appointment of Shri Vijay Gupta is liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

In terms of Section 149 read with schedule IV, Section 150, 152 and other applicable provisions of the Companies Act, 2013, Shri Vijay Gupta being eligible and seeking re-appointment, is proposed to be appointed as an **Independent Director** for a term of five years from 01.04.2014 to 31.03.2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Shri Vijay Gupta for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Shri Vijay Gupta (i) a consent in writing to act as a director in prescribed Form DIR-2 and (ii) an intimation in prescribed Form DIR -8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 and (iii) A declaration to the effect that he meets the criteria of Independence as provided in sub Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri Vijay Gupta as an Independent Directors of the Company for a term of five years 01.04.2014 to 31.03.2019 pursuant to the provisions of Section 149, 152 and other applicable provision of the Companies Act, 2013 and the rules made thereunder, and he is not liable to retire by rotation.

In the opinion of the Board, Shri Vijay Gupta, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Shri Vijay Gupta, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working day upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Vijay Gupta as an Independent Director.

Accordingly, the Board recommends the resolution to appoint Shri Vijay Gupta as an Independent Director for the approval of the members.

Except Shri Vijay Gupta, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 11. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Shri Vijay Gupta is holding 80 Equity shares consisting negligible% of the paid up capital of the Company.

## Item No. 12

Ms. Veena Chadha is a social worker, she has served 7 years in India Airlines/Air India as a Trainer, 4 years as a President of Inner Wheel (Rotary Qutab) and since last 13 years, she is with cultural group

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(SAMAGAM) and holding the position of as an Executive Director. She is qualified as B.A. Hons (English).

In terms of Section 149 read with schedule IV, Section 150, 152 and other applicable provisions of the Companies Act, 2013, Ms. Veena Chadha is proposed to be appointed as an **Independent Director** for a term of five years from 07.08.2014 to 06.08.2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Ms. Veena Chadha for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Ms. Veena Chadha (i) a consent in writing to act as a director in prescribed Form DIR-2 and (ii) an intimation in prescribed Form DIR-8 to the effect that she is not disqualified under Section 164 (2) of the Companies Act, 2013 and (iii) A declaration to the effect that she meets the criteria of Independence as provided in sub Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Ms. Veena Chadha as an Independent Directors of the Company for a term of five years from 07.08.2014 to 06.08.2019, pursuant to the provisions of Section 149, 152 and other applicable provision of the Companies Act, 2013 and the rules made thereunder, and she is not liable to retire by rotation.

In the opinion of the Board, Ms. Veena Chadha, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and rules made thereunder and she is independent of the management. A copy of the draft letter for the appointment of Ms. Veena Chadha, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working day upto the date of AGM.

Accordingly, the Board recommends the resolution to appoint Ms. Veena

Chadha as an Independent Director for the approval of the members.

Except Ms. Veena Chadha, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 12. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Ms. Veena Chadha is holding NIL Equity shares consisting NIL% of the paid up capital of the Company.

## Item No. 13

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

On the recommendation of the Audit Committee at its meeting held on May 20, 2014, the Board has considered and approved appointment of M/s. M.P. Turakhia & Associates, Cost Accountants for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (for Fertilizer), units at Nimrani, Jhansi, Malwan and Rajnandgaon (for Sulphuric Acid) and Rattlam (for Soya Products) at a remuneration of Rs. 95,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2015.

The Resolution at Item No. 13 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 13 of the Notice.

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

Name of Director	Shri Utsav Khaitan	Shri Shailesh Khaitan	Shri Jagdish Lal Jajoo	Shri Balmukund Dakhera
Age	23 year	58 years	70 years	52 years
Qualification	B.Sc. (Economics)	B. Com (Hons.)	Chartered Accountant	Chartered Accountant
Date of Appointment	20 <sup>th</sup> May, 2014	1 <sup>st</sup> September, 1984	1 <sup>st</sup> January, 1991	31 <sup>st</sup> October, 2011
Expertise	Marketing	Industrialist	Rich and vast experience in the field of Management and finance.	Rich and vast experience in the field of Taxation and finance.
Other Directorships (excluding Pvt. Companies) as on 31 <sup>st</sup> March, 2014	Nil	1. Shradha Projects Ltd. 2. Tribhuvan Properties Ltd.	Nil	Nil
Chairman / Member of the Committees as on 31 <sup>st</sup> March, 2014	Nil	Nil	Nil	<b>Khaitan Chemicals &amp; Fertilizers Ltd.:</b> <b>Chairman:</b> (1) Audit Committee (2) Remuneration Committee.

Name of Director	Dr. Prakash Goyal	Shri Vijay Gupta	Ms. Veena Chadha
Age	70 years	57 years	68 Years
Qualification	Ph.D in Chemical Engineering, BSc Tech. (Chemicals Engineering)	B.Com (H)	B.A. Hon.(English)
Date of Appointment	16 <sup>th</sup> July, 1999	18 <sup>th</sup> May, 2011	7 <sup>th</sup> August, 2014
Expertise	Excellent General Management Skills & Vast Project Consulting Experience.	Businessman	Rich and vast experience in the field of Service Sector
Other Directorships (excluding Pvt. Companies) as on 31 <sup>st</sup> March, 2014	Nil	Nil	Nil
Chairman / Member of the Committees as on 31 <sup>st</sup> March, 2014	<b>Khaitan Chemicals &amp; Fertilizers Ltd.:</b> <b>Chairman:</b> Shareholder's/ Investor's Grievances Committee. <b>Member:</b> (1) Audit Committee (2) Remuneration Committee	<b>Khaitan Chemicals &amp; Fertilizers Ltd.:</b> <b>Member:</b> (1) Audit Committee (2) Shareholder's/ Investor's Grievances Committee (3) Remuneration Committee.	Nil

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## DIRECTORS' REPORT

### To the Members,

Your Directors are pleased to present the 32<sup>nd</sup> annual report of the Company and audited statement of accounts for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2014 is summarised below:

Particulars	(Rs. in lacs)	
	2013-14	2012-13
Sales (Gross)	39330.72	45,971.89
Net Sales	39684.35	45,875.77
Surplus before interest, depreciation, exceptional items and Tax	2644.61	3,077.10
Less: Financial Cost	2497.39	2,555.60
Cash Profit before tax	147.22	521.50
Less: Depreciation	764.44	732.14
Exceptional Items	-	(409.78)
Profit /(Loss) before taxation	(617.22)	199.14
Provision for current tax	-	39.84
MAT Credit Entitlement	-	(34.81)
Deferred tax	(446.32)	(5.77)
Income Tax of earlier year	(8.51)	(13.15)
Profit /(Loss) after taxation	(162.39)	213.03
Transfer to General Reserve	-	25.00
Proposed Dividend @ 5%	48.49	48.49
Tax on Proposed Dividend	8.24	8.24
Earning Per Share (face value of Re. 1/- each)	(0.17)	0.22

### REVIEW OF OPERATIONS

#### Fertilizer & Chemicals Division:

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

The Financial year 2013-14 was again a challenging year with weak economic environment having high inflation, high interest rates, a volatile/weakening currency and a very late withdrawal and extended monsoon rains resulting into sluggish demand for SSP fertilizer.

During the year, the Company reduced its current assets level which was very high in the previous year. However, the sales during the year were sluggish due to high pipe line inventory of other Phosphatic Fertilizers as well as extended rains.

The performance of the Company was hit by higher financial cost including foreign exchange loss and pressure on margin due to over-supply conditions in the Industry, compounded with low capacity utilization.

The Company produced 392448 MT (previous year 389052 MT) Single Super Phosphate and sold 372984 MT (previous year 402861 MT).

We are, however, confident that in a rational subsidy scheme, the SSP industry shall grow considerably resulting in higher availability of this 'generic customized fertilizer' for Indian farmers at competitive prices. The growth of the Industry and the Government's commitment to encourage this fertilizer through greater extension services, shall also reduce the Country's dependence on imported phosphatic fertilizer.

The Govt. is yet to take final decision on subsidy mopped up on Finished Goods/Work in Process on Stocks lying as on 31.03.2011 and is yet to declare its mopping up policy.

The Company expects stabilization in raw material prices as well as Government's policy towards NBS (timely declaration & mopping up) which shall benefit the whole Fertilizer Industry, including the SSP Industry.

#### Soya Division:

In view of increasing speculative behavior in the market, which is not at all aligned with either International market or with forward market or spot prices of finished goods, the Company has reduced its activities in this segment to a large extent.

The Company is trying to limit its fixed expenses in view of reduced activities.

#### DIVIDEND

In view of net loss during the year, your Directors would like to recommend a nominal dividend of Re. 0.05 per equity share (face value of Re. 1/- per share) for the financial year 2013-2014, previous year Re. 0.05 per equity share.

#### PROJECTS & FINANCE

##### Dahej Project (Gujarat):

The production has started in March, 2014 for manufacturing of 200000 TPA of SSP and Phospho Gypsum. The Company is in the process of obtaining further clearances from Environmental Authorities, Department of Fertilizer, Health and Safety etc. to start production in full swing.

##### Forex Fluctuation:

During the year, the Company has incurred loss (including MTM) of Rs. 1808.78 lacs on account of Foreign Exchange Fluctuation (previous year loss Rs. 860.35 lacs) and has been grouped in 'other expenses'.

#### 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 & the Deposit Rules and also read with applicable provisions of Companies Act, 2013.

#### AUDITORS & AUDIT REPORT

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, Statutory Auditors of the Company retire at the conclusion of ensuing



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



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 read with applicable provisions of Companies Act, 2013 & also received peer review certificate issued by the ICAI 'Peer Review Board', as required under Clause 49 of listing agreement.

Regarding Emphasis of Matter under point No. 5 of the Auditors' Report, the Management is of the view that this would not result into a liability and therefore the Company has not provided for mopping of subsidy on raw materials of fertilizer as on 31.03.2011 in terms of Office Memorandum No. 23011/1/2010-MPR dated 11-07-2011 issued by the Ministry of Chemicals & Fertilizers, Govt. of India, being reconsidered vide their letter No. 23011/1/2010-MPR (Pt) dated 22.08.2012, wherein the GOI has decided not to effect recovery till a policy in this regard is formulated. This has strengthened the management's view for not providing the above liability.

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 and also read with applicable provisions of the Companies Act, 2013, issued by the Central Government, has appointed M/s. M. P. Turakhia & Associates, Cost Accountants, Indore as Cost Auditors to conduct audit of the cost accounts maintained by the Company in respect of Fertilizer, Sulphuric Acid and Soya products for the financial year 2014-2015.

## 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 and also read with applicable provisions of the Companies Act, 2013 is annexed in **Form-A** and forms part of the report.

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

## FOREIGN EXCHANGE EARNING AND OUTGO

The Company has earned Rs. nil lacs on export of goods (Previous year Rs. nil) and incurred Rs. 7449.67 lacs (Previous year Rs. 18430.90) on import of Raw Materials, Capital Goods, Fees & Subscription and Interest on Foreign Currency Loan.

## DIRECTORS

The Board has appointed Shri Utsav Khaitan as a Whole Time Director of the Company for a period of five years w.e.f. 20<sup>th</sup> May, 2014 subject to the approval of the members in ensuing Annual General Meeting. Shri Utsav Khaitan is son of Shri Shailesh Khaitan, Promoter, Chairman and Managing Director of the Company and to take him on the Board for larger long term interest of the Company. Directors recommend his appointment.

The Board has also re-appointed Shri Shailesh Khaitan, as Chairman & Managing Director. The present terms of appointment of Shri Shailesh Khaitan is expiring on 31.03.2015 and in view of introduction of the Companies Act, 2013, it would be appropriate to appoint him afresh for a term of five years w.e.f. April 1, 2014. Directors recommend his re-appointment.

The Board has also re-appointed Shri Jagdish Lal Jajoo, as a Whole Time Director. The present terms of appointment of Shri Jagdish Lal Jajoo is expiring on 31.10.2014 and in view of introduction of the Companies Act, 2013, it would be appropriate to appoint him afresh for a term of five years w.e.f. April 1, 2014. Directors recommend his re-appointment.

Shri Balmukund Dakhera, Dr. Prakash Goyal and Shri Vijay Gupta, was appointed as Directors of the Company, liable to retire by rotation (under the erstwhile applicable provisions of the Companies Act, 1956) and in view of introduction of the Companies Act, 2013 and Clause 49 of the

Listing Agreement, the Company has re-appointed the above-named Directors as an '**Independent Director**' of the Company to hold office for a term of five years for the period of 01.04.2014 to 31.03.2019 and they shall not be liable to retire by rotation."

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

None of the Directors is disqualified from being appointed as or holding office as Directors, as stipulated under Section 164 of the Companies Act, 2013 and rules made thereunder.

## 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 at 31<sup>st</sup> March, 2014 and of the profit & loss of the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## CORPORATE GOVERNANCE

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

## LISTING OF SHARES

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

The Company has made all the compliances of Listing Agreement including payment of annual listing fees up to 31st March, 2014 to the BSE.

## PARTICULARS OF EMPLOYEES

The particulars of employees required to be furnished under section 217(2A) of the Companies Act, 1956 & read with the Companies (Particulars of Employees) Rules, 1975 as amended and also read with applicable provisions of the Companies Act, 2013, forms part of this report (**Annexure-A**.)

## ACKNOWLEDGEMENT

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

for and on behalf of the Board

Place: New Delhi  
Date: 20.05.2014

(SHAILESH KHAITAN)  
CHAIRMAN & MANAGING DIRECTOR

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Annexure - 'A'

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

### A) Power & Fuel Consumption:

	Current Year	Previous Year
<b>1. Electricity:</b>		
a) Purchased Units	11914374	9173543
Total amount (Rs. in Lacs)	869.50	640.49
Rate/Unit (Rs.)	7.30	6.98
b) Own generation:		
i. Through diesel generator Units	29540	89456
Total amount (Rs. in Lacs)	8.15	18.98
Rate/Unit (Rs.)	27.60	21.22
ii. Through steam turbine Units *	7836350	9558367
Total amount	-	-
(*Net of Self Consumption in TG)		
<b>2. Coal:</b>		
Quantity (In MT)	1644	1129.60
Total Cost (Rs. in Lacs)	112.84	72.78
Rate/Unit (MT) (Rs.)	6861.85	6442.99
<b>3. Furnace oil:</b>		
Quantity (K. Lts.)	399	527
Total Amount (Rs. in lacs)	175.09	253.04
Average Rate /Lt.	51.62	48.00

### B. Consumption per Unit of Production:

Item	Product	Current	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	34	30
	S.A./Oleum/Liquid So3	60	60
	Soya Oil/Doc	164	78
Coal (KG/MT)	Soya Oil/Doc/Power	109	97
	G.S.S.P.	34	44

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

Name of Employees/his Qualification/designation	Age/No. of years Experience	Date of Commencement of Employment	Remuneration (Rs. in Lacs)	Last Employment
<b>Employed through out the year:</b> Shri Shailesh Khaitan B.Com (Hons.) Chairman & Managing Director	58/34	01-09-84	47.97	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 & Analysis Report

### CAUTIONARY STATEMENT

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

### BUSINESS OVERVIEW:

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

Segment-wise Business Review and Operational and Financial Performance:

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

(Quantity in MT)

Particular	2013-14	2012-13	2011-12	2010-11	2009-10
<b>Production:</b>					
SSP	392448	389052	522358	433393	332543
Sulphuric Acid	120260	123014	164467	140911	94895
Oleum/Liquid So3	1479	1193	773	2467	4508
Seed Crushing	2135	4362	47829	42541	12135
Refined Oil	318	3878	11164	7262	5485
<b>Sales:</b>					
SSP	372984	402861	538250	451067	244520
Sulphuric Acid	57750	38555	40488	48730	45941
Soya Oil	2456	4527	11836	6929	5345
De-Oiled Cake	1730	4509	41964	31178	9964

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

(Rs. In lacs)

Particular	2013-14	2012-13	2011-12	2010-11	2009-10
<b>Sales:</b>					
Fertilizer	35289.93	39893.47	48553.09	35024.27	15595.54
Soye	3462.14	5027.46	15631.21	10735.83	4690.44
<b>PBIDT:</b>					
Fertilizer	1836.86	2520.40	5071.90	6871.80	1086.84
Soye	20.35	(212.59)	650.19	269.61	(210.53)
<b>EPS(Rs) :</b>	(0.17)	0.22	2.24	32.43	0.86
<b>DIVIDEND:</b>	5%	5%	24%	24%	12%
<b>Face Value (Per share)</b>	1	1	1	10	10

### FERTILIZER & CHEMICALS DIVISION:

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

During the year, the Company has produced 3,92,448 MT SSP and sold 372984 MT SSP.

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

Agriculture is the third largest sector of Indian Economy which contributes around 14% of total GDP of the Country. Fertilizer industry, with the emerging scenario, plays vital role in the growth of Agri-Sector. Government's thrust to encourage SSP to substitute imports of DAP and NPK is an indicator of upward trend in the Industry's future.

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

- ♦ Basic need for agriculture and its development.
- ♦ Third largest producers & consumer in the world.
- ♦ Highly dependent on Imported Raw Material.
- ♦ Highly subsidised by Government of India.

- ♦ Substantial Import of Finished Products other than SSP.
- ♦ SSP fertilizer is lowest price per kg, preferred by small & marginal farmers.
- ♦ SSP is multi-nutrient fertilizer containing P<sub>2</sub>O<sub>5</sub> as primary nutrient and Sulphur, Calcium & magnesium as secondary nutrients.

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

Government of India has initiated to move towards the system of paying subsidy directly to beneficiary viz, the farmers. Under this scheme, the first stage would be to ensure visibility of information upto retail level through mobile based Fertilizer Monitoring System (mFMS).

Financial Year 2013-14 was the fourth year of implementation of the NBS (Nutrient Base Subsidy). NBS Policy has put the SSP industry at near level with other fertilizers which shall ultimately ensure availability of SSP fertilizer which is more farmer friendly, environment friendly, and an agronomically preferred fertilizer. Increased use of SSP shall also help in conserving foreign currency; to the extent it will substitute import of finished 'P' containing fertilizers.

However, in FY 2014, the SSP industry was faced with a crisis of sorts i.e. volatile foreign exchange increasing the cost of production and higher interest cost, high pipe line stocks of all phosphatic fertilizers, a very late withdrawal of monsoon topped with a general economic slowdown.

Despite the slowdown in financial year-2013-2014, the Industry is optimistic for financial year 2014-2015 on account of economic & political stability, Government's encouragement and improvement in the financial environment.

### Future Outlook:

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

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

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

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

### Opportunity, Threats, Risk & Concerns:

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

The Nutrient Base Subsidy (NBS) is a long term positive for Fertilizer Industry with free market mechanism encouraging more interaction between producers and farmers for efficient use of fertilizer for better agricultural output. We are confident that in a rational subsidy scheme, the SSP industry shall benefit the most due to inherent benefit to Indian farmers, and the Country. All these opportunities would lead to substantial increase in turnover of your Company.

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



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



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

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

The Company hopes for stability in the Raw Material prices as well as Government policies including timely declaration of NBS rates and the Mopping-up policy which shall in turn bring stability to the SSP sector.

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

## Soya Division

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

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

During the year, the Company has crushed 2135 MT (Previous year 4362 MT) Soyabean seed.

## INDUSTRY STRUCTURE AND DEVELOPMENT:

The most popular and the largest produced oilseed in the world is soybean. It has got the support of wide variety of climates and soils and that is why it is considered to be the most economical crop and has a good worth.

Soya oil is extracted from the basic soybean through complex refining process by crushing soybeans, 17-18% soy oil is recovered and the rest is called soy meal or De-oiled cake.

The contribution of soy oil in world's total oil production has reached around 25%, after growing at 5.8% p.a. during the last 10-14 years, and figures around 31 million tons in absolute terms. Countries like U.S, China, Argentina and India have a strong consumer base. Consumption has also risen in other nations like European Union, Central Europe, Egypt, Morocco, Mexico, and Brazil.

Soybean meal comprises of the remnant after the oil extraction. It has high protein content and is easily digestible and that is why it serves as an animal feed and accounts for about 65% of the world's total animal feed.

In India Madhya Pradesh, Maharashtra, Rajasthan and Andhra Pradesh are the major producers of soybeans. Madhya Pradesh tops the list and followed by Maharashtra.

Soybean holds a very important position in the Indian agriculture and economy. Madhya Pradesh has the lead among the soybean producing states in India. The major trading centers for soy in India include Indore and Ujjain in Madhya Pradesh, Nagpur in Maharashtra and Kota in Rajasthan.

The total crop size in India is about 10-12 million tonnes out of world crop of 250 million tonnes. Soya Oil is consumed in the country while sadly a protein deficient country like India is exporting its cheapest protein containing soy meal to other countries due to poor promotion of its benefits and by incentivising Exports. However, in due course of time home consumption of Soybean meal is bound to increase.

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

## Future Outlook:

In India crushing capacity of Soybean is much higher than availability of raw material. In spite of higher capacity, the efficient processing capacity in good locations like ours shall perform reasonably well with higher soybean crop due to increase in yield.

Eventually on expiry of incentive period accorded to new entrants existing players like us will have a competitive edge in a level of playing field. The Company is trying to reduce its fixed expenses in view of restricted activities.

## Opportunity, Threats, Risk & Concerns:

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

The present yield per hectare is around 1.2 MT against world average of 2.4 MT. The yield is increasing by adopting good practices by farmers and reasonable return on Input.

The Indian consumption of soy meal/DOC is bound to increase and therefore Indian soy meal need not to compete in International market which produces and sells its surplus soybean, with hefty State subsidies to agriculture.

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

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

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

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

## HUMAN RESOURCE AND INDUSTRIAL RELATIONS:

Employees are the back-bone of good organization and to motivate them to achieve greater heights, the Company undertook various HR initiatives towards their development, enhancement and retention. The Company considers its highly motivated and well-maintained team as its most valuable asset.

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

## ENVIRONMENT AND SAFETY:

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

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

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

The Company was awarded "ENVIRONMENTAL PROTECTION AWARD"-Runner up by "THE FERTILIZER ASSOCIATION OF INDIA" for its Nimrani plant and Letter of Appreciation from "NATIONAL SAFETY COUNCIL OF INDIA" for its Nimbahera plant.

## CONCLUSION:

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



## Report on Corporate Governance

### 1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:

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

### 2. BOARD OF DIRECTORS:

#### COMPOSITION, MEETINGS AND ATTENDANCE:

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

The Board's composition and categories as on March 31, 2014, and the attendance of each director at Board meetings and the last Annual General Meeting (AGM) are as under:

Name of Directors	Category	No. of Director-ship in other Cos. (excluding Pvt. Cos.)	No. of Board Committee Memberships in other Cos.	No. of Board Committee for which Chairperson	No. of Board meetings Attended	Whether Attended AGM
Shri Shailesh Khaitan	Promoter, Executive	Three	One	NIL	Four	Yes
Shri Jagdish Lal Jajoo	Executive	NIL	NIL	NIL	Four	Yes
Dr. Prakash Goyal	Independent, Non-Executive	NIL	NIL	One	Three	Yes
Shri Vijay Gupta	Independent, Non-Executive	NIL	NIL	NIL	Four	Yes
Shri Balmukund Dakhera	Independent, Non-Executive	NIL	NIL	Two	Four	Yes

In compliance with the Listing Agreement, members of the Khaitan Chemicals & Fertilizers Ltd. Board do not have Directorship in more than fifteen Companies or membership of more than ten Board level Committees or Chairman of more than five such Committees.

#### Additional/Whole Time Director:

At the meeting of the Board of Directors held on 20.05.2014, the Board on the recommendation of the Nomination and Remuneration Committee appointed Shri Utsav Khaitan as a Whole Time Director of the Company.

#### Brief Profile of Shri Utsav Khaitan:

Shri Utsav Khaitan is associated with this Company since 06.08.2013 as Management Trainee. Shri Utsav Khaitan is Graduate in Economics from New York University. He shall be specifically looking after marketing activity.

Shri Utsav Khaitan is son of Shri Shailesh Khaitan, Promoter, Chairman and Managing Director of the Company and to take him on Board for larger long term interest of the Company.

#### Board Independence:

The Non-executive Independent Directors fulfill the conditions of Independence specified in Section 149 of the Companies Act, 2013 and rules made thereunder and meet with requirement of Clause 49 of the Listing Agreement.

#### Board Meetings:

During the financial year ended on March 31, 2014, Four Board Meetings were held on May 14, 2013, August 6, 2013, November 12, 2013 and February 8, 2014.

The Company's last Annual General Meeting (AGM) was held on August 6, 2013.

### 3. BOARD COMMITTEES:

#### A. AUDIT COMMITTEE

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

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

The Audit committee consisted of the following members as on March 31, 2014:

S. No.	Name of Members	Status	No. of Meetings Attended
1	Shri Balmukund Dakhera	Chairman	4
2	Dr. Prakash Goyal	Member	3
3	Vijay Gupta	Member	4

During the financial year ended March 31, 2014, four meetings of Audit Committee were held on May 14, 2013, August 6, 2013, November 12, 2013 and February 8, 2014.

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

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

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## B. REMUNERATION COMMITTEE

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

The terms of reference of Remuneration Committee include deciding the Company's policies on specific remuneration packages for all the directors and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the Board of Directors.

One meeting was held during the financial year 2013-2014 on 14.05.2013. Shri Balmukund Dakhera, Dr. Prakash Goyal, Shri Vijay Gupta and Shri R.S. Vijayvargiya, President & Secretary, were present in the meeting.

Details of remuneration paid to Executive Director for the financial year 2013-14.

(Rs. in lacs)

Name	Designation	Salary	Commission/ Sitting Fees	Perks & Allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	24.00	-	23.97	47.97	3 years
Shri Jagdish Lal Jajoo	Whole Time Director	12.00	-	-	12.00	3 years

The Non-executive Directors are paid remuneration by way of sitting fees Rs.15000/- & Rs.7500/- for attending each meeting of the Board and the committees respectively. Details of sitting fees paid to Non-executive Directors in the Financial year 2013-14 is given below:

S. No.	Name of Directors	Sitting Fees (in Rs.)
1	Dr. Prakash Goyal	97,500
2	Shri Vijay Gupta	1,27,500
3	Shri Balmukund Dakhera	97,500

## C. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Board has constituted a Shareholders'/Investors' Grievance Committee consisting of three members, chaired by Dr. Prakash Goyal, an Independent, Non-executive Director. The Committee meets at regular 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 of Directors	Chairman/Member	No. of Meeting Attendend
1	Dr. Prakash Goyal	Chairman, Independent, Non-executive	3
2	Shri Vijay Gupta	Member, Independent, Non-executive	4
3	Shri R.S. Vijayvargiya	Member, Executive	4

During the financial year ended March 31, 2014, four meetings of shareholders'/investors' Grievance Committee were held on May 14, 2013, August 6, 2013, November 12, 2013 and February 8, 2014.

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

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

### 4. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Shri R.S. Vijayvargiya  
President & Secretary  
Khaitan Chemicals & Fertilizers Ltd.  
Apollo Arcade, 3rd Floor, 1/2, Old Palasia, Indore-452018.  
Tel. No. 0731-2564936-37, 4237926 Fax No. 0731-2562572  
Email- [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com)

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

167 Nos. of complaints received, and replied to the satisfaction of the SEBI and shareholders etc. during the year ended March 31, 2014. Outstanding complaints as on March 31, 2014 were Nil. The number of pending share transfers was Nil and pending requests for dematerialization was for CDSL & NSDL-NIL as on March 31, 2014. These have been since approved/dematerialised.



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## 6. ANNUAL GENERAL MEETINGS:

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

AGM No.	Financial Year	Location of the Meeting	Date	Time
29.	2010-2011	Registered office of the Company	July 29, 2011	1.00 P.M.
30.	2011-2012	Registered office of the Company	August 3, 2012	1.00 P.M.
31.	2012-2013	Registered office of the Company	August 6, 2013	1.00 P.M.

## 7. DISCLOSURES:

- There are no materially significant transactions with its promoters, the directors or the senior management personnel, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company. The disclosure in respect of related party transactions is provided in the notes on accounts. All contracts with the related parties entered into during the year are in normal course of business and have no potential conflict with the interest of the Company at large and are carried out on arm's length basis at fair market value.
- The Board of Directors has adopted the code of conduct for directors and senior management personnel of the Company and the same has been placed on the Company's website [www.khaitanchemfert.com](http://www.khaitanchemfert.com)
- 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.
- The Company has in place mechanism to inform Board Members about the Risk Management and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management. A detailed note on risk management is given in the financial review section of the management discussion and analysis report elsewhere in this report.

## 8. MEANS OF COMMUNICATION:

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

## 9. CFO Certification:

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

## 10. Compliance

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

## SHAREHOLDERS INFORMATION

Annual General Meeting:	
Date	: 7 <sup>th</sup> Day of August, 2014
Time	: 1.00 P.M.
Venue	: A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.)

## Financial Calendar:

- Financial reporting for the quarter ending June 30, 2014 : On or before August 14, 2014
- Financial reporting for the half year ending September 30, 2014 : On or before November 14, 2014
- Financial reporting for the quarter ending December 31, 2014 : On or before February 14, 2015
- Financial reporting for the year ending March 31, 2015 : On or before May 30, 2015

## Date of Book Closure:

1<sup>st</sup> day of August, 2014 to 7<sup>th</sup> day of August, 2014 (both days inclusive) for Annual general Meeting/payment of Dividend.

## Listing on Stock Exchanges:

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

Stock Code: 507794

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Stock Market Data:

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

(Price in Rs.)

Month	High	Low	Volume of Shares Traded
April, 2013	13.50	11.00	1,21,515
May, 2013	13.50	11.75	3,16,108
June, 2013	13.25	10.00	1,33,441
July, 2013	12.70	8.22	1,54,486
August, 2013	10.50	7.00	26,072
September, 2013	7.50	5.35	1,37,069
October, 2013	6.80	5.65	5,48,834
November, 2013	8.49	6.00	49,497
December, 2013	8.24	6.55	58,056
January, 2014	9.50	7.05	14,73,090
February, 2014	9.25	6.05	6,86,535
March, 2014	7.49	5.10	4,84,920

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

## Distribution of shareholding as on March 31, 2014 :

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 1000	21041	93.91	4475048	4.61
1001 to 2000	637	2.84	1036181	1.07
2001 to 3000	167	0.75	451823	0.47
3001 to 4000	86	0.38	314508	0.32
4001 to 5000	125	0.56	607893	0.63
5001 to 10000	167	0.75	1302693	1.34
10001 and above	182	0.81	88801054	91.56
<b>Grand Total</b>	<b>22405</b>	<b>100.00</b>	<b>96989200</b>	<b>100.00</b>

## Categories of Shareholders as on March 31, 2014 :

Category	No. of shares Held	% of Shareholding
Promoters	72736170	74.99
Financial Institutions, Mutual Fund and Banks	6950	0.01
Private Corporate Bodies	6277562	6.47
Non-residents /OCBs	508837	0.52
Indian Public	17459681	18.01
<b>Total</b>	<b>96989200</b>	<b>100.00</b>

# **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 26<sup>th</sup> 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 31<sup>st</sup> March, 2014, 9,36,80,882 equity shares of the Company, which amount to 96.59% of the equity capital exist under the electronic form. **Those shareholders, who have still not got their shares dematerialised, are advised to do so, as soon as possible, in view of many advantages that exists therein.**

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

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

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

### **Fertilizer & Chemicals Division:**

1. A. B. Road, Village Nimrani,  
Tehsil Kasrawad,  
**Dist. Khargone (M.P.)-451 569**
2. Village Goramachia, Jhansi-Kanpur Road,  
**Jhansi (U.P.)-248 001**
3. Village Dhinva, Tehsil Nimbahera,  
**Dist. Chittorgarh -312 601 (Rajasthan)**
4. A-1, UPSIDC Industrial Area, Malwan,  
**Dist. Fatehpur-212 664 (U.P.)**
5. Village Farhad (Somni)  
**Dist. Rajnandgaon-491443 (Chhattisgarh)**

6 42/7, GIDC Industrial Estate,  
Dahej, Vagra,

**Dist. Bharuch-392 130 (Gujarat)**

**Processing facility at Arihant phosphate & Fertilizers Ltd.**

7. Village Sagwadia, Tehsil Nimbahera,  
**Dist. Chittorgarh-312601, Rajasthan**

**Soya Division (Khaitan Agro):**

Industrial Area, Dosigaon,

**Ratlam (M.P.) - 457 001**

**Company Registration number with ROC/Ministry of Corporate Affairs:**

**CIN-L24219MP1982PLC004937.**

### **Investor Correspondence:**

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

### **Secretarial Department:**

Khaitan Chemicals & Fertilizers Ltd.

Apollo Arcade, 3rd Floor,

1/2, Old Palasia,

Indore-452018 (M.P.)

Tel.: 0731-4237926 Fax: 0731-2562572

Email- [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com)

### **Registrar & Share Transfer Agent:**

M/s Ankit Consultancy Pvt. Ltd.

60, Electronic Complex, Pardeshipura,

Indore (M.P.) 452010

Tel.: 0731-2551745-46 Fax: 0731-4065798

E-mail-[ankit\\_4321@yahoo.com](mailto:ankit_4321@yahoo.com)

## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

The Members,

We have examined the compliance of conditions of corporate governance by Khaitan Chemicals & Fertilizers Limited, for the year ended March 31, 2014, 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 Management, we certify that the company has complied with conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

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

**HARISH GUPTA**  
Partner  
(Membership No. 98336)

Place : New Delhi  
Date : 20<sup>th</sup> May, 2014





## Independent Auditor's Report

To,

The Members,  
Khaitan Chemicals & Fertilizers Limited,

New Delhi

1. We have audited the accompanying financial statements of **Khaitan Chemicals & Fertilizers Limited** (the 'Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, and the statement of Profit and Loss and cash flow statement for the year then ended, and the Notes to Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### 4. Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### 5. Emphasis of Matter

*We draw attention to Note No 36 of the notes to the financial statements for the year ended on 31<sup>st</sup> March 2014 regarding the fact that the Company has decided not to provide for mopping up of subsidy on raw material of fertilizer as on 31-3-2011 in term of Office Memorandum No.2311/1/2010-MPR dated 11-07-2011 issued by Ministry of Chemicals & Fertilizers, Govt. of India, being reconsidered vide their letter No 23011/1/2010-MPR (pt) dated 22.08.2012 and decided not to effect recovery till a policy in this regard is formulated. The impact on Revenue from operations and Profit after tax is unascertainable at this stage.*

### 6. Report on Other Legal and Regulatory Requirements

- (a) As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- (b) As required under provisions of section 227(3) of the Act, 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 purpose of our audit;
  - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.;
  - v. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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

**HARISH GUPTA**  
Partner  
(Membership No. 98336)

Place : New Delhi  
Date : 20<sup>th</sup> May, 2014



## ANNEXURE TO THE AUDITORS' REPORT

(As referred to in paragraph 6(a) of our report to the members of Khaitan Chemicals & Fertilizers Limited on the accounts as at & for the year ended 31<sup>st</sup> March 2014)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory of the Company has been physically verified by the management during the year (except for stock of Rock Phosphate, Sulphur and Single Super phosphate for which stock is taken on estimation basis and for the stock in transit and stock lying with outside parties). In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us, discrepancies noticed on physical verification of inventory as compared to the books records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the Company has granted inter-corporate loans/advances to one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans was Rs. 659.32 lacs and Rs. 96.86 lacs respectively.
- (b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.
- (c) The Companies to whom loans have been granted have been regular in the payment of principal and interest wherever stipulated.
- (d) There is no overdue amount outstanding at the end of the year in respect of above loans/advances.
- (e) The Company has taken loan from three Companies during the year covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans was Rs. 720 lacs and Rs.621.33 lacs respectively.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all the particulars of contracts or arrangements that need to be entered in to the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained in pursuance to section 209 (1) (d) of Companies Act, 1956 in respect of single super phosphate, Sulphuric acid and refined vegetable oil 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.
- (b) Further, According to information & explanations given to us, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute, are as follows: -

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



Sr. No.	Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
1.	M.P. Commercial Tax Act, 1974	Sales Tax/Trade Tax	0.48 Lacs	2001-02	Tribunal Commercial Tax, Bhopal
2.	UP Trade Tax 1948	Sales Tax/Trade Tax	3.28 Lacs (Principal) 15.94 Lacs (Interest)	Before 1996	Joint Commissioner of Trade Tax, Lucknow
3.	M.P. Commercial Tax Act, 1974	Entry tax	0.11 Lacs	1991-92	Tribunal Commercial Tax, Bhopal
4.	Mines and Minerals (Development and Regulation) Act, 1957	Royalty on rock Phosphate	118.77 Lacs	2004-05	High Court, Rajasthan
5.	Purchase Tax Act	Purchase Tax	63.38 Lacs	2004-05	High Court of Madhya Pradesh, Jabalpur
6.	Central Excise Act	Penalty	17.78 Lacs	2007-08	Custom Excise and Service Tax Appellate Tribunal
7.	UP Trade Tax 1948	Sales Tax	1.00 Lacs.	2006-07	The Deputy Commission Commercial Tax, Jhansi
8.	M.P. Entry Tax Act 1976	Entry Tax	28.27 lacs	2007-08	MP Commercial Tax Appellate Board, Bhopal
9.	UP Trade Tax 1948	Sales Tax/Trade Tax	11.73 lacs	2009-10	The Deputy Commission Commercial Tax, Jhansi
10.	Income Tax Act 1961	Income Tax	21.70 lacs	AY 2010-11	CIT (Appeal), New Delhi
11.	Income Tax Act 1961	Income Tax	109.39 lacs	AY 2011-12	CIT (Appeal), New Delhi

- (x) The company does not have any accumulated losses as at 31<sup>st</sup> March 2014 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, 2014.

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

**HARISH GUPTA**  
Partner  
(Membership No. 98336)

Place: New Delhi  
Date: 20<sup>th</sup> May 2014



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Balance Sheet as at 31<sup>st</sup> March, 2014

		Rs. In Lacs	
	Note No.	As at 31.03.2014	As at 31.03.2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	969.89	969.89
Reserves and surplus	4	11,523.91	11,743.03
		12,493.80	12,712.92
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,010.07	1,487.35
Deferred tax liabilities (Net)	6	900.06	1,346.38
Other long term liabilities	8	88.71	59.09
Long-term provisions	9	45.12	34.89
		3,043.96	2,927.71
<b>Current liabilities</b>			
Short-term Borrowings	7	17,823.50	29,052.75
Trade payables	8	2,747.75	2,642.14
Other current liabilities	8	2,321.07	1,922.50
Short-term provisions	9	205.30	162.32
		23,097.62	33,779.71
<b>TOTAL</b>		38,635.37	49,420.34
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	12,258.14	9,195.30
Intangible assets	10	68.88	7.45
Capital work-in-progress	10	422.53	1,537.06
Intangible assets under development	10	-	52.95
Non-current investments	11	9.49	9.49
Long-term loans and advances	12	221.83	397.65
Other Non-current Assets	13	-	-
		12,980.87	11,199.90
<b>Current assets</b>			
Inventories	14	13,315.53	18,548.82
Trade receivables	15	4,682.73	5,660.66
Cash and Bank balances	16	1,003.78	2,955.67
Short-term loans and advances	12	1,267.87	1,484.17
Other current assets	13	5,384.59	9,571.12
		25,654.50	38,220.44
<b>TOTAL</b>		38,635.37	49,420.34

Summary of Significant accounting policies 2.1  
The accompanying notes are an integral part of these financial statements.

Per our report of even date attached

For and on behalf of Board

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

**HARISH GUPTA**  
Partner  
Membership No.98336

Place: New Delhi  
Dated: 20.05.2014

**SHAILESH KHAITAN**  
(Chairman & Managing Director)

**R.S. VIJAYVARGIYA**  
(President & Secretary)

**JAGDISH LAL JAJOO**  
(Whole Time Director)

**DR. PRAKASH GOYAL**  
**VIJAY GUPTA**  
**BALMUKUND DAKHERA**  
(Directors)

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014

		Rs. In Lacs	
	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
<b>Income</b>			
Revenue from operations (Gross)	17	39,330.72	45,971.89
Less: Excise Duty		520.29	471.21
Revenue from operations (Net)		<u>38,810.43</u>	<u>45,500.68</u>
Other income	18	873.92	375.09
<b>Total Revenue</b>		<u><u>39,684.35</u></u>	<u><u>45,875.77</u></u>
<b>Expenses:</b>			
Cost of Materials Consumed	19	26,644.39	31,176.19
Purchases of Stock in Trade		542.99	229.49
(Increase)/Decrease of finished goods, work in progress & Stock in trade	20	(957.50)	1691.12
Employee benefits expense	21	1,040.27	961.36
Finance costs	22	2,497.39	2,555.60
Depreciation and amortization expense	10	764.44	732.14
Other expenses	23	9,769.59	8,740.51
<b>Total expenses</b>		<u><u>40,301.57</u></u>	<u><u>46,086.41</u></u>
<b>Profit before exceptional &amp; extraordinary items &amp; tax</b>		(617.22)	(210.64)
Exceptional Items	24	-	(409.78)
<b>Profit before extra-ordinary items &amp; tax</b>		(617.22)	199.14
Extra ordinary items		-	-
<b>Profit before tax</b>		(617.22)	199.14
<b>Tax expense:</b>			
Current tax		-	39.84
MAT credit entitlement		-	(34.81)
Deferred tax		(446.32)	(5.77)
Earlier years' tax		(8.51)	(13.15)
<b>Profit/(loss) for the year</b>		<u><u>(162.39)</u></u>	<u><u>213.03</u></u>
Earnings per equity share par value of Re. 1/- each. (Refer Note No.- 29).			
Before Exceptional item			
Basic/Diluted		(0.17)	(0.07)
After Exceptional item			
Basic/Diluted		(0.17)	0.22
Summary of Significant accounting policies	2.1		
The accompanying notes form as integral part of financial statement			

Per our report of even date attached

For and on behalf of Board

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

**HARISH GUPTA**  
Partner  
Membership No.98336  
Place: New Delhi  
Dated: 20.05.2014

**SHAILESH KHAITAN**  
(Chairman & Managing Director)

**R.S. VIJAYVARGIYA**  
(President & Secretary)

**JAGDISH LAL JAJOO**  
(Whole Time Director)

**DR. PRAKASH GOYAL**  
**VIJAY GUPTA**  
**BALMUKUND DAKHERA**  
(Directors)

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

Rs. In Lacs

	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
<b>Cash flow from Operating Activities :</b>			
Profit before Tax		(617.22)	199.14
<b>Non cash adjustment to reconcile profit before tax to net cash flow :</b>			
Depreciation / Amortization		764.44	732.14
Balances Written Back		(5.85)	(66.06)
Loss / ( Profit ) on sale of Fixed Assets		(663.53)	2.51
Foreign Exchange Loss (Net)		1,808.78	860.35
Provision for Non Cash Expenses / Sundry Balance Written off		(7.41)	(39.30)
Interest expense		2,497.39	2,555.60
Interest income		(184.22)	(298.19)
<b>Operating profit before working capital changes Movements in Working Capital</b>		<b>3,592.39</b>	<b>3,946.19</b>
Increase / (Decrease ) in trade & Other payables		1,042.62	(7,688.87)
Decrease / ( Increase ) in Trade receivables		977.93	(1,136.51)
Decrease / ( Increase ) in Inventories		5,233.30	(1,701.62)
Decrease / ( Increase ) in short term loans and advances		216.30	(341.40)
Decrease / ( Increase ) in other current assets / cash and bank		6,890.65	2,732.83
Increase / (Decrease) in deferred tax		(446.32)	(5.77)
Cash generated from / ( used in ) operations		17,506.86	(4,195.15)
Less : Direct taxes paid ( net of refunds )		-	180.85
<b>Net cash flow from / ( used in ) operating activities ( A )</b>		<b>17,506.86</b>	<b>(4,376.00)</b>
<b>Cash flow from Investing activities :</b>			
Purchase of Fixed assets including intangible assets,		(45.35)	(35.93)
Capital Work in Progress		(2,853.25)	(1,910.72)
Intangible Assets under Development		(9.10)	(11.12)
Proceeds from sale of Fixed assets		100.00	0.48
Proceeds / (Payment) of Long term loans & advances		175.82	78.96
Interest received		315.02	212.07
<b>Net cash flow from / ( used in ) Investing activities ( B )</b>		<b>(2,316.86)</b>	<b>(1,666.26)</b>
<b>Cash flow from Financing Activities :</b>			
Proceeds from long term borrowings		2,931.42	366.94
Repayments of long term borrowings		(2,273.29)	(1,211.62)
Proceeds from short term borrowings		(11,364.65)	10,492.51
Interest paid		(2,532.54)	(2,537.83)
Dividend paid on equity shares		(52.62)	(193.20)
Tax on equity dividend paid		(8.24)	(37.76)
Effect of Foreign Exchange Gain / ( Loss)		(1,808.78)	(860.35)
<b>Net cash flow from / ( used in ) in financing activities ( C )</b>		<b>(15,108.71)</b>	<b>6,018.70</b>
Net Increase / ( Decrease ) in cash and cash equivalents ( A+B+C )		81.30	(23.56)
Cash and cash equivalent at the beginning of the year		83.88	107.46
Cash and cash equivalent at the end of the year		165.18	83.88
<b>Components of cash and cash equivalent</b>			
Cash on hand		6.97	4.05
With Bank - on current account		116.72	34.22
unpaid dividend accounts *		41.49	45.61
Total cash and cash equivalent		165.18	83.88

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

Per our report of even date attached

For and on behalf of Board

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

**HARISH GUPTA**  
Partner  
Membership No.98336

Place: New Delhi  
Dated: 20.05.2014

**SHAILESH KHAITAN**  
(Chairman & Managing Director)

**R.S. VIJAYVARGIYA**  
(President & Secretary)

**JAGDISH LAL JAJOO**  
(Whole Time Director)

**DR. PRAKASH GOYAL**  
**VIJAY GUPTA**  
**BALMUKUND DAKHERA**  
(Directors)





## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### 1. Corporate Information

Khaitan Chemicals & Fertilizers Ltd. (the Company) is a public Company domicile in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange Ltd. (BSE). The Company is engaged in the manufacturing and selling of Single Super Phosphate and Sulphuric Acid, Processing of Oil Seed (mainly Soybean) and crude edible oil, selling of De-oiled Cake and Crude/Refined Oil & Generation and selling of Wind Power.

### 2. Basis of preparation of financial statements

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

#### 2.1 Summary of significant accounting policies:

##### a) Use of Estimates

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

##### b) 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 and is net off of any subsequent non receipt reversal.

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

##### c) Government Grants and Subsidies

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

##### d) Excise Duty

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

##### e) Employee Benefits

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

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

i. Defined contribution plans:

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

ii. Defined benefits plans:

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

##### f) 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.

##### g) Tangible Fixed Assets

Fixed assets (including capital work in progress) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts, rebates & cenvat availed are deducted in arriving at the purchase price. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets is derecognized.

Fixed assets (including capital work in progress) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts, rebates & cenvat availed are deducted in arriving at the purchase price. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets is derecognized.

Depreciation on fixed assets is calculated on straight-line method the rates and manner as prescribed under the Schedule XIV of the Companies Act, 1956.

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

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

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

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

##### h) Intangible Assets

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

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



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

**i) Impairment of tangible and intangible assets**

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

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

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

**j) Inventories**

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

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

**k) Investments**

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

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

**l) Foreign Currency Transactions**

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

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

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

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

**m) Taxation**

**Income Tax**

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

**Deferred Tax**

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

**n) 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.

**o) 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.

**p) Provisions and Contingent Liabilities and Contingent Assets**

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

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

**q) Cash and Cash Equivalents and Cash Flow Statements**

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

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

**r) Derivatives Instruments**

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

**s) Segment Reporting**

The Company is organized into two primary business segments mainly Fertilizer and Chemicals & Soya, based on nature of products.

The management and administration are centralized and considered as part of 'Fertilizer & Chemicals' segment, being major activities.

Unallocated items include general corporate income, expense, assets and liabilities items which are not allocated to any business segment.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as whole.

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

	Rs. in Lacs	
	As at 31.03.2014	As at 31.03.2013
<b>3.Share capital</b>		
<b>Equity Share Capital</b>		
<b>Authorised</b>		
22,00,00,000 shares of par value of Re. 1/- each (Previous year 22,00,00,000 shares of par value of Re.1/- each)	2,200.00	2,200.00
<b>Issued</b>		
9,71,24,420 shares of par value of Re.1/- each (Previous year 9,71,24,420 shares of par value of Re.1/- each)	971.24	971.24
<b>Subscribed And Fully Paid-Up</b>		
9,69,89,200 shares of par value of Re.1/- each (Previous year 9,69,89,200 shares of par value of Re.1/- each)	969.89	969.89

### Equity Shares

a) Reconciliation of the shares outstanding at the beginning and at the end of reporting period.

	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
At the beginning of the year	96989200	969.89	96989200	969.89
Issued during the year	-	-	-	-
Outstanding at the end of the year	96989200	969.89	96989200	969.89

b) The equity shares of the Company have rights and restrictions as prescribed under law, in particular the Companies Act 1956.

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

	As at 31.03.2014		As at 31.03.2013	
	No. of shares	% of shars	No. of shares	% of shars
Shradha Projects Ltd.	4,57,63,640	47.18	4,57,63,640	47.18
The Majestic Packaging Co. Pvt. Ltd.	2,20,49,310	22.73	2,20,49,310	22.73

## 4.Reserves and Surplus

	Rs. in Lacs	
	As at 31.03.2014	As at 31.03.2013
<b>Capital Reserve</b>		
As per last Balance Sheet	1,556.13	1,558.17
Less: Transfer to Surplus Balance in the statement of Profit & Loss	2.04	2.04
	1,554.09	1,556.13
<b>Securities Premium Account</b>	2,152.58	2,152.58
<b>General Reserve</b>		
As per last Balance Sheet	2,963.54	2,938.54
Add : Transfer from Surplus	-	25.00
	2963.54	2963.54
<b>Surplus/(deficit) in the statement of Profit &amp; Loss</b>		
As per last balance sheet	5,070.78	4,937.45
Add: Profit for the year	(162.39)	213.03
Add: Transfer from Capital Reserve	2.04	2.04
Less: Appropriations-		
Transfer to general reserve	-	25.00
Proposed dividend	48.49	48.49
Tax on proposed dividend	8.24	8.24
	4,853.70	5,070.78
<b>Total Reserve and Surplus</b>	11,523.91	11,743.03

Note: The Company has proposed final dividend for the year 2013-14 @ Re.0.05 per equity share of Re. 1/- each (previous year Re. 0.05 per equity share).



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

Rs. in Lacs

### 5. Long Term Borrowings

	Non-Current		Current Maturities	
	As at		As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Term Loans :</b>				
- From Banks :				
Indian Rupee Loan from Banks ( Secured )	1,390.07	987.05	1440.66	1263.69
- From Other Parties :				
Loans and advances from related parties ( Un-Secured ) :	620.00	500.00	-	-
	<u>2,010.07</u>	<u>1,487.35</u>	<u>1,440.66</u>	<u>1,263.69</u>
 The above amount includes :				
Secured Borrowings	1390.07	987.35	1,440.66	1,263.69
Unsecured Borrowings	620.00	500.00	-	-
Amount disclosed under the head "Other Current Liabilities" Refer Note No.8	-	-	<u>(1,440.66)</u>	<u>(1,263.69)</u>
<b>Net Amount</b>	<u><u>2,010.07</u></u>	<u><u>1,487.35</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

(i) Rupee Term Loan of Rs.1784.99 Lacs (Sanctioned Rs. 2250 Lacs) from State Bank of India is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari- passu basis with existing charge holders and repayable in 17 installments comprising of 11 installments of Rs 150 Lacs each and 6 installments of Rs 100 Lacs each ending on 15th September,2017

(ii) Rupee Term Loan of Rs.400 Lacs (Sanctioned Rs.1000 Lacs) from IDBI Bank Ltd. is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari- passu basis with existing charge holders and repayable in 20 equal quarterly installment of Rs 50 Lacs each ending on 1st January, 2016

(iii) Rupee Term Loan of Rs.300 Lacs (Sanctioned Rs.1200 Lacs) from IDBI Bank Ltd. is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari- passu basis with existing charge holders and repayable in 12 equal quarterly installments of Rs 100 Lacs each ending on 1st October, 2014.

(iv) Rupee Term Loan of Rs.325.03 Lacs (sanctioned Rs 800 Lacs) from Axis Bank Ltd., is primarily secured by way of first charge on the entire fixed assets of the Company, both present and future on pari-passu basis with existing charge holders and repayable in 12 quarterly installments of 66.67 Lacs each ending on 31th March,2015.

All the above loans are collaterally secured and through second charge by way of hypothecation on the entire current assets of the company on pari-passu basis with existing charge holder. These loans are irrevocably and unconditionally guaranteed by Chairman & Managing Director Mr Shailesh Khaitan

(v) Rupee Term Loan of Rs. 11.77 Lacs (sanctioned Rs.115.59 Lacs) and Rs.8.94 Lacs (sanctioned Rs.18 Lacs) have been availed from Kotak Mahindra Bank and HDFC Bank respectively with tenure of 60 months ending on 1st August, 2014 and 7th May, 2016 respectively. The loan is secured by the hypothecation of the car.

(vi) Unsecured Loan & Advances of Rs.620 Lacs has been procured from various parties including related party viz. Shradha Projects Ltd., Aarti Marketing Pvt. Ltd. & Tribhuvan Properties Ltd. as promoters fund infusion towards Rajnandgaon Unit & Dahej Unit repayable on or after 01.01.2016.

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

### 6. Deferred Tax Liabilities (Net)

	Rs. in Lacs	
	As at 31.03.2014	As at 31.03.2013
Gross Deferred Tax Liabilities:		
a) Depreciation /Amortization	1,455.43	1,367.48
b) Others	6.81	7.78
	<u>1,462.24</u>	<u>1,375.26</u>
Gross Deferred tax assets:		
a) Unabsorbed Depreciation / Loss	520.29	-
b) Provisions for doubtful debts\Non-moving Items	21.70	11.39
c) Expense allowed on payment basis	20.19	17.49
	<u>562.17</u>	<u>28.88</u>
<b>Net Deferred Tax Liabilities</b>	<u><u>900.06</u></u>	<u><u>1,346.38</u></u>

#### NOTE

- i. The net increase / (decrease) during the year in the deferred tax liability of Rs (446.32) lacs, previous year decrease Rs. (5.77) lacs has been debited / (credited) to Statement of Profit & Loss.
- ii. Based on the past performance and current plans, the Company expects continue to generate taxable income which will enable it to realise MAT credit entitlement.

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### 7. Short Term Borrowings

	Rs. in Lacs	
	As at 31.03.2014	As at 31.03.2013
<b>Secured</b>		
<b>From Banks:-</b>		
- Cash Credits / Working Capital Demand Loans	13610.45	12,693.04
- Buyer's Credit	3731.17	16137.13
<b>Unsecured -</b>		
IDBI Vendor Finance	481.88	222.58
	<u>17,823.50</u>	<u>29,052.75</u>

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

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

iii. IDBI Vendor Finance loan in the nature of Discounting of Bill of Exchange drawn/accepted by the Corporates of Rs. 481.88 Lacs (sanctioned Rs.500 Lacs). Loan is secured primarily by accepted bills of exchange.

	Non-Current Liabilities		Current Liabilities	
	As at		As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>8. Trade Payables &amp; Other Current Liabilities</b>				
<b>Trade Payables</b>				
For Goods and Services (including acceptance)	-	-	2,747.75	2,642.14
<b>Total</b>	<u>-</u>	<u>-</u>	<u>2,747.75</u>	<u>2,642.14</u>
<b>Other Current Liabilities</b>				
Current maturities of long term debts (Refer Note No. 5)	-	-	1,440.66	1,263.69
Interest accrued but not due on borrowings	-	-	27.35	59.88
Interest accrued & due on borrowings	-	-	24.06	26.67
Unpaid Dividends	-	-	41.49	45.61
<b>Other Payable:-</b>				
Advances from customers	-	-	314.48	140.00
Payable for Capital Expenditure	-	-	51.65	41.85
Payable to Employees	-	-	120.48	97.78
Payable to Service Provider	-	-	89.92	103.25
Security Deposits	88.71	59.09	-	-
Tax deducted at source Payable	-	-	22.50	15.69
Other Statutory dues	-	-	188.48	128.08
	<u>88.71</u>	<u>59.09</u>	<u>2,321.07</u>	<u>1,922.50</u>

**Note:**

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

A. Trade payable includes (i) Rs.7.17 lacs (previous year Rs. 0.33 lacs) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) and (ii) Rs 2727.51 lacs (previous year Rs.2641.81 lacs) due to other parties.

B. No interest is paid /payable during the year to any enterprise registered under the MSME.

C. The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of supplies under the MSME.

### 9. Provisions

	Long Term		Short Term	
	As at		As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Provision for employee benefits (Refer Note No.26)</b>				
Provision for Gratuity	45.12	26.72	-	-
Provision for Leave Benefits	-	8.17	-	-
	<u>45.12</u>	<u>34.89</u>	<u>-</u>	<u>-</u>
Provision for proposed dividend on equity shares	-	-	48.49	48.49
Provision for tax on proposed dividend	-	-	8.24	8.24
Forward Contract Payable	-	-	22.11	-
Provision for derivatives instruments	-	-	126.46	105.59
	<u>45.12</u>	<u>34.89</u>	<u>205.30</u>	<u>162.32</u>

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### 10. FIXED ASSETS

(Rs. in lacs)

DESCRIPTION OF ASSETS	-----GROSS BLOCK-----			-----DEPRECIATION / AMORTISATION-----				----NET BLOCK----		
	As at 31.03.2013	Addi- tions	Adjustment/ Deductions	As at 31.03.2014	Upto 31.03.2013	Sale/Ad- justment	During the year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>Tangible Assets</b>										
Land Freehold	746.05	-	186.48	559.57	-	-	-	-	559.57	746.05
Lease hold Land	417.12	-	-	417.12	24.17	-	4.18	28.35	388.77	392.95
Building	3,252.98	2,309.13	-	5,562.11	1,060.35	-	91.50	1,151.85	4,410.26	2,192.63
Plant and Equipment	14,374.65	1,659.17	-	16,033.82	8,862.05	-	611.50	9,473.55	6,560.27	5,512.60
Furniture & Fixtures	113.69	1.58	-	115.27	47.45	-	6.23	53.68	61.59	66.24
Vehicles	350.34	24.95	-	375.29	152.93	-	32.94	185.87	189.42	197.41
Office Equipments	88.42	9.41	-	97.83	43.08	-	4.25	47.33	50.50	45.34
Computers	81.55	6.33	-	87.88	39.47	-	10.66	50.13	37.75	42.08
<b>Total</b>	<b>19,424.80</b>	<b>4,010.58</b>	<b>186.48</b>	<b>23,248.90</b>	<b>10,229.50</b>	<b>-</b>	<b>761.26</b>	<b>10,990.76</b>	<b>12,258.14</b>	<b>9,195.30</b>
Previous year	18,697.15	835.23	107.58	19,424.80	9,598.65	104.58	735.43	10,229.50	9,195.30	9,098.50
<b>Intangible Assets</b>										
Software	8.07	68.38	-	76.45	0.62	-	6.95	7.57	68.88	7.45
<b>Total</b>	<b>8.07</b>	<b>68.38</b>	<b>-</b>	<b>76.45</b>	<b>0.62</b>	<b>-</b>	<b>6.95</b>	<b>7.57</b>	<b>68.88</b>	<b>7.45</b>
Previous year	-	8.07	-	8.07	-	-	0.62	0.62	7.45	-
<b>Capital Work in Progress</b>										
Capital Work in Progress	1,537.06	2,857.02	3,971.56	422.52	-	-	-	-	422.52	1,537.06
<b>Total</b>	<b>1,537.06</b>	<b>2,857.02</b>	<b>3,971.56</b>	<b>422.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>422.52</b>	<b>1,537.06</b>
Previous year	428.59	1,910.73	802.26	1,537.06	-	-	-	-	1,537.06	428.59
Intangible assets under Development	52.95	9.10	62.05	-	-	-	-	-	-	-
<b>Total</b>	<b>52.95</b>	<b>9.10</b>	<b>62.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Previous year	41.83	11.12	-	52.95	-	-	-	-	52.95	-

#### NOTES:

- a) 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. Furt
- b) The Company has treated its Sulphuric Acid Plant, Soya Oil Plant and Turbo Generator as continuous process plant and depreciation charged accordingly.
- c) Vehicles include one car purchased for Rs. 100.65 Lacs for which registration in the name of the Company is still pending.
- d) Vehicles include motor cars taken on hire purchase of Rs 20.70 Lacs (previous year Rs 50.77 Lacs).
- e) Amortisation of Leasehold Land includes Rs 3.77 Lacs (Previous year Rs.3.91 Lacs), included in capital work in progress as pre operative expenses in respect of Dahej Project.
- f) Lease hold Land includes Rs 377.50 Lacs (Previous year Rs 377.50 Lacs) in respect of which lease deeds are pending execution.

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### 11. Non-Current Investments

	Rs. in Lacs	
	As at 31.03.2014	As at 31.03.2013
<b>Non-Trade Investments (Valued)</b>		
<b>Investment in equity instrument (unquoted)</b>		
National Board of Trade Limited (16100 Shares (Previous year 16100) of fully equity share of Rs 10/- each)	0.01	0.01
Captain Vinimay Pvt. Ltd. (94800 Shares (Previous Year 94800) fully paid equity shares of Rs 10/- each)	9.48	9.48
	<b>9.49</b>	<b>9.49</b>
Aggregate amount of unquoted investment	9.49	9.49

### 12. Loan and Advances

	Non-Current		Current	
	As at		As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Loans and Advances</b>				
(Unsecured, considered good, unless otherwise stated)				
Capital Advances	-	126.05	-	-
Security Deposits	195.86	196.89	17.78	40.92
<b>Other Loan &amp; advances:-</b>				
Loan/Advances to Employees	3.38	4.28	14.49	14.03
Advance to Suppliers & Contractors	-	-	629.35	620.19
Vat receivables	-	-	116.59	78.47
Prepaid Expenses	-	-	137.97	171.86
Taxes/Duties deposited under protest	19.49	14.12	8.00	-
Balances with Statutory/Govt. Authorities	-	-	17.70	18.53
Deposit with Original maturity for more than 12 months (Refer Note No.-16)	0.61	0.69	-	-
Loan to Body Corporates	-	55.62	147.46	377.46
Margin Deposits	-	-	14.95	15.00
Advance Tax/Tax Deducted at source(Net of provision)	-	-	116.32	89.18
Other Advances recoverable in cash or in kind	2.49	-	50.46	61.73
Less: Provision for bad & doubtful advances	-	-	3.20	3.20
	<b>221.83</b>	<b>397.65</b>	<b>1,267.87</b>	<b>1,484.17</b>

### 13. Other Current Assets

	Non-Current		Current	
	As at		As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Subsidy receivable (Refer Note No - 36)	142.87	142.87	4,574.70	9,380.43
Less: Subsidy payable to Bank of India on realisation	142.87	142.87	-	-
	-	-	4574.70	9380.43
Interest receivable	-	-	25.08	155.88
MAT credit entitlement	-	-	34.81	34.81
Land Receivable	-	-	750.00	-
	<b>-</b>	<b>-</b>	<b>5,384.59</b>	<b>9,571.12</b>

### 14. Inventories

	Rs. in Lacs	
	As at 31.03.2014	As at 31.03.2013
<b>Inventories (valued at lower of cost or net realisable value)</b>		
Raw Material	3,321.87	4,850.58
Raw Material in Transit	1,542.15	6,157.96
Work in Progress(Oil)	6.46	6.88
Finished Goods	7,216.45	6,258.53
Stores and Spares	1,228.60	1,274.87
	<b>13,315.53</b>	<b>18,548.82</b>



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### 15. Trade Receivables

	Non-Current		Current	
	As at		As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
(Outstanding for a period exceeding six months from the date they are due for payment)				
Considered good (Unsecured)	-	-	556.33	33.08
Doubtful	-	-	<u>24.40</u>	<u>24.40</u>
	-	-	580.73	57.48
Less: Provision for doubtful receivables	-	-	<u>24.40</u>	<u>24.40</u>
	-	-	556.33	33.08
<b>Other receivables (Unsecured considered good)</b>	-	-	<u>4,126.40</u>	<u>5,627.58</u>
	-	-	<u>4,682.73</u>	<u>5,660.66</u>

### 16. Cash and Bank Balances

	Non-Current		Current	
	As at		As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>I) Cash and Cash Equivalents</b>				
(a) Balances with Banks :				
(i) In Current Account	-	-	116.72	34.22
(ii) In Unpaid Dividend Account	-	-	41.49	45.61
(b) Cheques/drafts in hand	-	-	-	-
(c) Cash in Hand	-	-	6.97	4.05
	-	-	<u>165.18</u>	<u>83.88</u>
<b>II) Other Bank Balances</b>				
(i) Margin Money Deposits	-	-	838.60	2,871.79
(ii) Deposit with Original maturity for more than 12 months	0.61	0.69	-	-
	0.61	0.69	838.60	2,871.79
Amount disclosed under Non - Current Assets (Refer Note-12)	<u>(0.61)</u>	<u>(0.69)</u>	-	-
<b>Total</b>	-	-	<u>1,003.78</u>	<u>2,955.67</u>

Margin Money Deposits with a carrying amount of Rs.838.60 lacs (Previous year Rs.2871.79 lacs) are subject to first charge to secure the Company's Buyers' credit & Bank Guarantees'.

### 17. Revenue from Operations

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>Sales of products</b>		
Finished goods	38,617.02	45,471.14
Traded goods	548.74	233.00
Other operating revenue	164.97	267.75
Revenue from operations	39,330.72	45,971.89
Less: Excise duty	520.29	471.21
<b>Revenue from operations (net)</b>	<u>38,810.44</u>	<u>45,500.68</u>
<b>Details of products sold</b>		
<b>Finished goods</b>		
Single Super Phosphate (includes Subsidy Income of Rs 11833.42 lacs previous year Rs.14796.20 lacs).	33,204.12	38,236.98
Sulphuric Acid	2,416.70	2,017.00
Refined Oil	1,897.80	3,502.05
Soya De-Oiled Cake	909.76	1,537.58
Soya Solvent oil	14.10	-
Sale of Power	77.13	83.57
Oleum 23% and 65%	44.62	40.16
Liquid So3	52.79	53.80
	<u>38,617.02</u>	<u>45,471.14</u>

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### Traded goods sold

Soya seed	45.98	233.00
Soya De-Oiled Cake	502.76	-
	548.74	233.00

### Other Operating Revenue

Revenue from NCDEX (Net)	87.57	(330.16)
NCDEX Brokerage	-	3.59
Freight Subsidy	-	402.37
Sale of By-product & Process waste	19.03	101.73
Scrap Sales	58.36	90.22
	164.97	267.75

### 18. Other Income

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>Interest Income on</b>		
Bank Deposits	113.94	235.15
Electricity Deposits	5.78	6.86
Others	64.50	56.18
	184.22	298.19
<b>Other non-operating income</b>		
Miscellaneous Receipt	20.32	9.22
Profit on Sale of Fixed Assets	663.53	-
Balances written back	5.85	67.68
	689.69	76.90
<b>Total</b>	873.92	375.09

### 19. Cost of Raw Material Consumed

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
Opening Stock	4850.58	5002.98
Add: Purchases including related expenses upto the factory site (net of claim)	25,115.68	31,023.79
Less: Closing Stock	3321.87	4850.58
	26644.39	31176.19

### Details of Inventories - Raw material

	Rs. in Lacs	
	As at 31.03.2014	As at 31.03.2013
Rock Phosphate (Indigenous)	179.17	664.11
Rock Phosphate (Imported)	2483.42	3,705.88
Sulphur ( Fert)	278.93	445.82
Sulphur ( Non Fert)	177.14	10.42
Sulphuric Acid/Spent Acid	148.27	9.64
Solvent Oil/Refined Oil	14.95	-
Others	39.98	14.71
	3,321.87	4,850.58

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### Details of Raw Material Consumed

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
Rock Phosphate (Indigenous)	5129.48	6111.95
Rock Phosphate (Imported)	15141.26	15911.47
Sulphur ( Fert)	1489.38	3043.64
Sulphur ( Non Fert)	1373.02	1180.26
Sulphuric Acid/Spent Acid	1445.91	1305.19
Crude Edible Oil	-	2189.12
Refined Oil	1258.53	-
Oil Seeds	757.65	1411.64
Others	49.16	22.92
	<u>26,644.39</u>	<u>31,176.19</u>

### 20. (Increase) decrease in Inventories

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>Inventories at the end of the year</b>		
Finished goods	7,216.45	6,258.53
Work in progress	6.46	6.88
	<u>7,222.91</u>	<u>6,265.41</u>
<b>Inventories at the beginning of the year</b>		
Finished goods	6,258.53	7,943.44
Work in progress	6.88	13.09
	<u>6,265.41</u>	<u>7,956.53</u>
	<u>(957.50)</u>	<u>1,691.12</u>

### Details of Inventory

	Rs. in Lacs	
	As at 31.03.2014	As at 31.03.2013
<b>Finished Goods</b>		
Single super phosphate	7,106.85	5,858.78
Sulphuric acid	97.84	189.43
Soya solvent oil	2.01	17.25
Soya refined oil	-	184.34
Others	9.75	8.73
	<u>7,216.45</u>	<u>6,258.53</u>
<b>Work in Progress</b>		
Oil	6.46	6.88
	<u>6.46</u>	<u>6.88</u>

### 21. Employee Benefit Expenses

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
Salaries, wages and bonus	942.11	852.22
Contribution to provident and other funds (Refer Note No.26)	75.21	79.37
Staff Welfare	22.95	29.77
	<u>1,040.27</u>	<u>961.36</u>

### 22. Finance Costs

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
Interest	2,116.91	2,263.08
Other Borrowing Costs	380.48	292.52
	<u>2,497.39</u>	<u>2,555.60</u>

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### 23. Other Expenses

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
Consumption of stores & spare parts	1,142.41	1,303.51
Packing Material consumed	1,283.05	1,269.65
Power & Fuel	914.83	746.82
Communication Expenses	31.18	34.16
Rent	43.55	41.93
Insurance	34.19	34.88
Legal & Professional charges	28.22	34.18
Rates & Taxes	16.42	15.14
Repair & Maintenance:		
Plant & Machinery	113.86	127.67
Building	3.53	15.28
Others	43.83	53.77
Travelling & Conveyance	185.96	151.53
Charity & Donation	0.48	1.54
Payment to Auditors	17.93	17.28
Excise Duty On Variation of Finished Goods	85.85	(16.21)
Other Manufacturing Expenses	722.08	844.19
Loss on Sale of Fixed Assets / Assets written off (Net)	-	2.51
Freight Outward	2,995.10	2,877.13
Loading & Unloading	27.29	28.63
Other selling expenses	48.99	54.26
Foreign Exchange Fluctuation (including MTM loss)	1,808.78	860.35
Bank Charges	7.13	7.17
Miscellaneous Expenses	214.93	235.14
	<u>9,769.59</u>	<u>8,740.51</u>

### Payment to Auditor (including service tax)

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
As auditor :		
Audit Fees	4.96	4.96
Limited Review fees	1.57	1.45
Certification fees	7.99	7.52
Reimbursement of Expenses	3.41	3.35
	<u>17.93</u>	<u>17.28</u>

### 24. Exceptional Items

	Rs. in Lacs	
	Year ended 31.03.2014	Year ended 31.03.2013
Cess on Rock Phosphate (written back)	-	(409.78)
	<u>-</u>	<u>(409.78)</u>

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

Particulars	Rs. in Lacs	
	31.03.2014	31.03.2013
Expenses		
- Professional Tax	-	0.20
<b>Total</b>	<u>-</u>	<u>0.20</u>



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

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

#### (i) Defined Benefit Plan

Rs. in Lacs

S.No.	Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
		2013-14	2012-13	2013-14	2012-13
I)	<b>Change in Defined Benefit Obligation</b>				
	Opening defined benefit obligation	201.94	167.30	55.37	47.59
	Interest Cost	18.17	13.35	4.98	3.80
	Current Service Cost	15.88	15.61	4.10	5.36
	Benefits paid (if any)	(32.11)	(5.54)	(5.68)	-
	Actuarial (gain)/Loss on obligation	2.51	11.22	(10.75)	(1.38)
	Closing defined benefit obligation	206.39	201.94	48.02	55.37
II)	<b>Change in Fair Value of Plan Asset</b>				
	Opening fair value of plan assets	175.22	163.76	47.20	43.13
	Expected return on plan assets	14.06	14.94	3.31	4.18
	Contributions	4.11	2.05	-	0.09
	Benefits paid (if any)	(32.11)	(5.54)	-	-
	Actuarial (gain)/loss on Plan assets	-	-	-	(0.20)
	Closing fair value of plan assets	161.28	175.22	50.51	47.20
III)	<b>Actual Return on Plan Assets</b>				
	Expected return on plan assets	14.06	14.94	3.31	4.18
	Actuarial (gain)/loss on Plan assets	-	-	-	-
	Actual Return on Plan Assets	14.06	14.94	3.31	4.18
IV)	<b>Amount recognised in the Balance Sheet</b>				
	Closing defined benefit obligation	206.39	201.94	48.02	55.37
	Closing fair value of plan assets	161.27	175.22	50.51	47.20
	Net(Asset)/Liability recognised in the Balance Sheet	45.12	26.72	(2.49)	8.17
V)	<b>Expenses recognised in the Profit and Loss Account</b>				
	Interest Cost	18.17	13.35	4.98	3.80
	Current Service Cost	15.88	15.61	4.10	5.36
	Expected return on plan assets	(14.06)	(15.68)	(3.31)	(4.18)
	Actuarial (gain)/Loss	2.51	11.95	(10.75)	(1.18)
	Expenses recognised in Personnel Cost	22.50	25.23	(4.98)	3.80
VI)	<b>Balance Sheet Reconciliation</b>				
	Opening net Liability	26.72	3.54	8.17	4.46
	Expenses (as above)	22.50	25.23	(4.98)	3.80
	Employer's contribution	4.11	2.05	0.07	0.09
	Amount recognised in the Balance Sheet	45.12	26.72	(2.49)	8.17
VII)	<b>Actuarial Assumption used for the year</b>				
	Discount Rate	9.00%	8.00%	9.00%	8.00%
	Rate of Return on Plan Assets	8.75%	9.25%	6.75%	9.25%
	Expected Salary Growth Rate	5.00%	5.00%	5.00%	5.00%
	Attrition Rate	2.00%	2.00%	2.00%	2.00%

#### Other Assumptions:

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

Rs. in Lacs

S. No.	Particulars	2013-14	2012-13
i	Superannuation	5.11	7.55
ii	Provident Fund	35.13	32.53
		40.23	40.07

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### 27 Segment Information for the year ended 31st March 2014 as required by Accounting Standard-17 Segment Reporting

- (a) The Company is organized into three primary business segments mainly :
- i. Fertilizers and Chemicals
  - ii. Soya
  - iii. Others
- (b) Segments have been identified and reported taking in to account the nature of products and services the differing risk and returns and the internal reporting system

Particulars	2013-14				2012-13			
	Fertilizers and Chemicals	Soya	Others	Total	Fertilizers and Chemicals	Soya	Others	Total
<b>Revenue (net)</b>								
External Sales/ Revenue	35,471.20	3,472.49	740.66	39,684.35	40,707.10	5,085.11	83.56	45,875.77
<b>Results</b>								
Segment Results	1,173.33	20.35	693.62	1,887.30	2,520.40	(212.59)	37.15	2,344.96
Unallocated Corporate Expenses (Net)				-				-
<b>Operating Profits</b>				1,887.30				2344.96
<b>Interest Expenses (Net)</b>				2,504.52				2,555.60
<b>Profit before Exceptional Items and Taxation</b>				(617.22)				(210.64)
Exceptional items				-				409.78
Tax Expenses				454.83				(13.89)
<b>Profit After Tax</b>				(162.40)				213.03
<b>Other Information</b>								
Segment assets	34,418.39	3,633.54	364.38	38,416.30	45,263.73	3,517.20	402.87	49,183.80
Unallocated corporate assets				216.53				236.55
<b>Total Assets</b>				38,632.83				49,420.35
Segment liabilities	25,878.18	77.71	-	25,955.89	36,265.70	368.57		36,634.27
Unallocated corporate liabilities				183.20				73.15
<b>Total Liabilities</b>				26,139.09				36,707.43
<b>Capital Expenditure</b>	4,067.73	0.50		4,068.23	824.75	18.54		843.30
Unallocated Corporate Capital Expenditure				10.71		-		-
<b>Total Capital Expenditure</b>				4,078.94				843.30
<b>Depreciation /Amortisation</b>	487.09	212.35	32.51	731.95	481.42	218.74		700.16
Unallocated Corporate Depreciation				32.49				31.98
<b>Total Depreciation /Amortisation</b>				764.44				732.14
Non cash Expenditure other than Depreciation/ Amortisation	(668.06)	(1.31)	-	(669.37)	(33.27)	(31.90)		(65.17)
Unallocated Corporate Non Cash Expenses other than Depreciation /Amortisation				-				-
<b>Total non cash expenditure other than Depreciation/ Amortisation</b>				(669.37)				(65.17)

### 28 Disclosure as per Accounting Standard - 18 on 'Related Party Disclosures' Relationship:

- (a) **Related Party where control exists :**  
Shradha Project Limited

- (b) **Key Management Person and their Relatives :**

- |                             |                                      |
|-----------------------------|--------------------------------------|
| (i) Shri Shailesh Khaitan   | Chairman & Managing Director         |
| (ii) Smt Swapna Khaitan     | Wife of Chairman & Managing Director |
| (iii) Shri J.L. Jajoo       | Whole Time Director                  |
| (iv) Shri R.S. Vijayvargiya | President & Secretary                |
| (v) Ms. Monica Vijayvargiya | Daughter of President & Secretary    |
| (vi) Shri Utsav Khaitan     | Son of Chairman & Managing Director  |

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

(c) Related party which is under significant influence of KMP and / or their Relatives:

- (i) The Majestic Packaging Company Private Limited
- (ii) Tribhuvan Properties Limited
- (iii) Aarti Marketing Private Limited
- (iv) Shobhan Enterprises Private Limited

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

(Rs. in Lacs)

Name of Related Party	Nature of Transaction	31.03.2014	31.03.2013
Shobhan Enterprises Pvt Ltd.	Loan given	407.70	3,420.00
	Loan recovered	677.02	3,140.00
	Purchases	9.71	22.37
	Sales	502.75	194.38
	Interest on loan received	46.50	41.87
	Brokerage received	-	0.60
	Balance outstanding	94.86	317.68
	Debtors Outstanding	502.75	-
Shradha Projects Ltd.	Loan Taken	240.00	-
	Loan Repaid	60.00	-
	Rent paid	23.82	24.63
	Interest paid	15.45	12.00
	Dividend Paid	22.88	109.83
	Interest outstanding	4.51	-
Shri Shailesh Khaitan	Balance Outstanding	280.00	100.00
	Remuneration	47.97	47.76
	Dividend Paid	1.79	8.59
Smt. Swapana Khaitan	Balance outstanding	1.49	1.20
	Dividend Paid	0.66	3.19
Shri J.L. Jajoo	Remuneration & Fees	12.00	12.00
	Balance outstanding	0.88	-
Shri R.S. Vijayvargiya	Salary	20.54	21.53
	Balance outstanding	0.17	-
Miss Monica Vijayvargiya	Salary	4.65	3.43
Shri Utsav Khaitan	Stipend	0.74	-
	Balance outstanding	0.17	-
The Majestic Packaging Company Private Limited	Dividend Paid	11.02	52.92
Tribhuvan Properties Limited	Rent Paid	33.71	33.71
	Loan Taken	840.00	-
	Loan Paid	540.00	-
	Interest Paid	11.78	-
	Interest outstanding	3.99	-
	Balance outstanding	300.00	-
Aarti Marketing Private Limited	Brokerage Received	-	0.07
	Loan Taken	130.00	-
	Loan Re-paid	100.00	390.00
	Interest Paid	2.38	46.03
	Interest outstanding	1.33	-
	Balance outstanding	40.00	10.00

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

Rs. in Lacs

Particulars	31.03.2014	31.03.2013
Net Profit (Loss) after exceptional items	(162.40)	213.03
Add: Exceptional Items (net of tax)	-	(276.83)
Net Profit (Loss) before exceptional items	-	(63.80)
Number of equity shares outstanding (Nos.)	96,989,200	96,989,200
Earning per share on profit after exceptional items (Basic/Diluted)	(0.17)	0.22
Earning per share on profit before exceptional items (Basic/Diluted)	(0.17)	(0.07)
Face value per share	1	1

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

### 30 Derivative instruments and unhedged foreign currency exposure

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

Particulars	31.03.2014		31.03.2013	
	Amount in Foreign currency	Amount in Rs. Lacs	Amount in Foreign currency	Amount in Rs. Lacs
Amount payable on account of Import of goods and services USD/INR	-	-	29526794.31	16043.23

#### (b) Derivatives outstanding as at the balance sheet date

Particulars	31.03.2014		31.03.2013	
	Amount in Foreign currency	Amount in Rs. Lacs	Amount in Foreign currency	Amount in Rs. Lacs
<b>Forward Exchange Contracts outstanding</b>				
USD/INR (Purchase)	6,216,261.99	3,735.96	7,50,000	407.50
<b>Cross Currency Interest Rate Swap (CCIRS)</b>				
Notional amount 600 Lacs (Previous year Rs.800 Lacs)	836,995.18	503.03	12,55,492.78	682.16

### 31 Contingent Liabilities not provided for :

S.No.	Particulars	Rs. in Lacs	
		31.03.2014	31.03.2013
a	Sales Tax Demand (under appeal)	0.48	0.48
b	Purchase Tax (under appeal)	63.38	63.38
c	Royalty on Rock Phosphate claimed by RSMM	158.36	158.36
d	Entry Tax	28.38	28.38
e	Sales Trade Tax	1.00	1.00
f	Excise Duty	17.79	21.87
g	Income-Tax	139.09	19.34
h	Cess on Rock Phosphate	-	409.78
l	Vat Tax (09-10)	18.72	-

### 32 Estimated amount of Capital Commitments (net of advances) not provided for

26.27                      1191.80

33 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.

34 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.

35 Other Current Assets include claims filed under Rajasthan Investment Promotion Scheme (RIPS), 2003 of Rs. 6.27 Lacs (Previous year: Rs.6.27 Lacs) pertaining to 2006-07 and 2007-08, which were refused by the appropriate authorities in view of introduction of Rajasthan Value Added Tax w.e.f. 1st April, 2006. But the Company has considered the amount as recoverable and filed an appeal with the Tax Board, Ajmer (Rajasthan).

36 The Company has not provided for Moping up of subsidy on raw materials of fertilizer as on 31.03.2011 in terms of Office Memorandum No. 23011/1/2010-MPR dated 11-07-2011 issued by the Ministry of Chemicals & Fertilizers, Govt. of India, being reconsidered vide their letter No 23011/1/2010-MPR(Pt) dated 22.08.2012 and decided not to effect recovery till a policy in this regard is formulated. This has strengthened the management's view for not providing the above liability.

### 37 Capital Work in progress includes machinery, building under construction and the following pre-operative expenses pending allocation/capitalisation:

Particulars	Rs. in Lacs	
	31.03.2014	31.03.2013
Opening Balance	219.23	161.21
Addition during the year		
Borrowing Cost - Interest	118.38	16.64
Rent	2.85	-
Rates & Taxes	17.20	-
Security service	6.83	3.72
Power charges	37.88	20.91
Salary & Wages	8.63	0.74
Travelling exp	3.98	3.64
Insurance	2.68	-
Professional Charges	2.49	0.08
Depreciation & Amortisation	3.76	3.92
Others	9.73	8.36
	433.64	219.23
Less : Allocated to Fixed Assets	433.64	-
	-	219.23



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2014

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

S.No.	Particulars	2013-14		2012-13	
		% of total Consumption	Value Rs. in Lacs	% of total Consumption	Value Rs. in Lacs
i	Raw materials :				
	Imported	56.83%	15141.26	55.94%	17440.17
	Indigenous	43.17%	11503.13	44.06%	13736.02
	Total	100.00%	26644.39	100.00%	31176.19
ii	Components, Stores & Spares parts				
	Imported	-	-	-	-
	Indigenous	100.00%	2425.46	100.00%	2573.16
	Total	100.00%	2425.46	100.00%	2573.16

(b) Value of Imports calculated on CIF basis:

S. No.	Particulars	2013-14	2012-13
(i)	Raw Material [including Rs Nil (Previous year Rs 1311.07 lacs) purchased through other importers]	7,371.68	19,565.24
(ii)	Components and Spare parts		-
(iii)	Capital goods		-

(c) Expenditure in Foreign Currency:

S. No.	Particulars	2013-14	2012-13
i	Fees & Subscription	-	2.54
ii	Interest on Foreign currency loan	77.99	174.19
		<u>77.99</u>	<u>176.73</u>

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

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

Per our report of even date attached

For and on behalf of Board

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

**HARISH GUPTA**  
Partner  
Membership No.98336  
Place: New Delhi  
Dated: 20.05.2014

**SHAILESH KHAITAN**  
(Chairman & Managing Director)

**R.S. VIJAYVARGIYA**  
(President & Secretary)

**JAGDISH LAL JAJOO**  
(Whole Time Director)

**DR. PRAKASH GOYAL**  
**VIJAY GUPTA**  
**BALMUKUND DAKHERA**  
(Directors)

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## KHAITAN CHEMICALS & FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

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

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

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

ATTENDANCE SLIP

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 32<sup>nd</sup> ANNUAL GENERAL MEETING of the Company held on Thursday, August 7, 2014 at 1:00 P.M. at the Registered Office of the Company at A.8. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.).

\*Applicable for investors holding shares in electronic form.

Signature of Shareholder / proxy

## KHAITAN CHEMICALS & FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

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

### PROXY FORM

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

Name of the member (s): Registered address :		e-mail Id : Folio No./ *Client Id: DP Id*	
---	--	---	--

I/We, being the member(s) of ..... shares of Khaitan Chemicals & Fertilizers Limited, hereby appoint:

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

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company, to be held on Thursday, August 7, 2014 at 1:00 P.M. at the Registered Office of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.) and at any adjournment thereof in respect of such resolutions as are indicated below:

\*Applicable for investors holding shares in electronic form.

Resolutions
1. Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors.
2. Declaration of Dividend on Equity Shares.
3. Appointment of Auditors and fixing their remuneration.
4. Adoption of new Articles of Association of the Company.
5. Increase the overall limit of borrowing.
6. Appointment of Shri Utsav Khaitan, as a Director liable to retire by rotation and also as a Whole Time Director.
7. Re-appointment of Shri Shailesh Khaitan as the Chairman and Managing Director.
8. Re-appointment of Shri Jagdish Lal Jajoo, as a Whole Time Director, who retires by rotation.
9. Re-appointment of Shri Balmukund Dakhera as an Independent Director, not liable to retire by rotation.
10. Re-appointment of Dr. Prakash Goyal as an Independent Director, not liable to retire by rotation.
11. Re-appointment of Shri Vijay Gupta as an Independent Director, not liable to retire by rotation.
12. Appointment of Ms. Veena Chadha as a Woman Director.
13. Approval of the Remuneration of Cost Auditors.

Signed this ..... day of ....., 2014.

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

Affix 1/-  
Rupee  
Revenue  
Stamp

### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 32<sup>nd</sup> Annual General Meeting.

**BOOK-POST**

To,

