



KHAITAN CHEMICALS & FERTILIZERS LIMITED

Annexure - 'C'

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

COMPOSITION, MEETINGS AND ATTENDANCE:

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

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

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

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

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

3. BOARD COMMITTEES :

A. AUDIT COMMITTEE:

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

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

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

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

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

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

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

B. REMUNERATION COMMITTEE

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

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

(Rs. In lacs)

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

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

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

C. SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE:

FUNCTION :

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

COMPOSITION

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

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

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

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

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

4. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

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

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

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

6. ANNUAL GENERAL MEETINGS:

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

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

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(Price in Rs.)

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

Shareholder services, enquiries, complaints:

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

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

Distribution of shareholding as on March 31, 2010:

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

Categories of Shareholders as on March 31, 2010:

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



KHAITAN CHEMICALS & FERTILIZERS LIMITED

Dematerialisation of Shares and liquidity:

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

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

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

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

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

Fertilizer & Chemicals Division:

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

Soya Division (Khaitan Agro):

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

Company Registration number with ROC/Ministry of Corporate Affairs:

CIN- L24219MP1982PLC004937.

Investor Correspondence:

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

Secretarial Department:

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

Registrar & Share Transfer Agent:

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

Khaitan Chemicals & Fertilizers Limited,

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

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

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

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

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

Chartered Accountants
Firm Reg. No. 00756N

(CA ATUL SEKSARIA)

Partner
Membership No. 86370

Place : New Delhi
Date : 14.05.2010