



Annexure - 'C'

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, 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 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 J.L. 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, 2012, 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 AGM
Shri Shailesh Khaitan	Promoter, Executive	Three	One	NIL	Eight	Yes
Shri J.L. Jajoo ***	Executive	NIL	NIL	NIL	Four	Yes
Shri O.P. Bagla *	Independent, Non- Executive	NIL	NIL	NIL	Two	Yes
Dr. P. Goyal	Independent, Non- Executive	NIL	NIL	One	Eight	Yes
Shri Vijay Gupta	Independent, Non- Executive	NIL	NIL	NIL	Eight	Yes
Shri Balmukund Dakhera**	Independent, Non- Executive	NIL	NIL	Two	One	N.A.

* Resigned from directorship w.e.f. 29.07.2011.

** Appointed as additional director w.e.f. 31.10.2011.

*** Appointed as Whole Time Director for a period of 3 years w.e.f. 01.11.2011.

During the financial year ended on March 31, 2012. Eight Board Meetings were held on May 18, 2011, July 29, 2011, August 23, 2011, September 6, 2011, October 14, 2011, October 31, 2011, February 6, 2012, and March 20, 2012.

The Company's last Annual General Meeting (AGM) was held on July 29, 2011.

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, 2012:

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

* Resigned as Chairman/member of the Audit Committee w.e.f. 29.07.2011.

** Appointed as Chairman of the Audit Committee w.e.f.30.07.2011 and resigned as Chairman/member of the Audit Committee w.e.f. 31.10.2011

*** Appointed as Chairman of the Audit Committee w.e.f. 01.11.2011.

During the financial year ended March 31, 2012, four meetings of Audit Committee were held on May 18, 2011, July 29, 2011, October 31, 2011 and February 6, 2012.

(b) Quorum: Two independent members

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

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B. REMUNERATION COMMITTEE

The present strength of the Remuneration Committee is three. All three are nonexecutive directors as members, viz., Shri Balmukund Dakhera, Dr. P. Goyal & Shri Vijay Gupta. Shri R.S. Vijayvargiya, President & Secretary of the Company also 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 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 on during the financial year 2011-2012 on 31.10.2011. Dr. P. 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 2011-12.

(Rs. in lacs)

Name	Designation	Salary	Commission/Sitting Fees	Perks & allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	57.60	25.00	17.94	100.54	3 years
Shri J.L. Jajoo	Whole Time Director	5.00	0.68	-	5.68	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 Fee paid to Non-executive Directors in the financial years 2011-12 is given below:

S. No.	Name of Directors	Sitting fees (in Rs.)
1	Shri J.L. Jajoo	67,500
2	Shri O.P. Bagla	60,000
3	Dr. P. Goyal	1,87,500
4	Shri Vijay Gupta	1,57,500
5	Shri Balmukund Dakhera	22,500

C. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Board has constituted a Shareholders'/Investors' Grievance Committee consisting of three members, chaired by Dr. P. Goyal, 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	2
2.	Dr. P. Goyal	Member, Independent, Non-executive	4
3.	Shri Vijay Gupta	Member, Independent, Non-executive	2
4.	Shri R.S. Vijayvargiya	Member, Executive	4

* Resigned as Chairman/member of the shareholders'/investors' Grievance Committee w.e.f. 29.07.2011.

During the financial year ended March 31, 2012, four meetings of shareholders'/investors' Grievance Committee were held on May 18, 2011, July 29, 2011, October 31, 2011 and February 6, 2012

(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, Fax No. 0731-2562572

Email- khaitanchemfert@gmail.com

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

191 Nos. of complaints received, and replied to the satisfaction of the SEBI and shareholders etc. during the year ended March 31, 2012. Outstanding complaints as on March 31, 2012 were Nil. The number of pending share transfers was Nil and pending requests for dematerialization was for CDSL950 shares & NSDL-2120 shares as on March 31, 2012. These have been since approved/dematerialised.

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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
27.	2008-2009	Registered office of the Company	July 31, 2009	1.00 P.M.
28.	2009-2010	Registered office of the Company	July 30, 2010	1.00 P.M.
29.	2010-2011	Registered office of the Company	July 29, 2011	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
- No penalties or strictures have been imposed on the Company by Stock Exchange or S.E.B.I. 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 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, The Economic Times and 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 : Friday, 3rd day of August, 2012

Time : 1.00 P.M.

Venue: A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-452569 (M.P.)

Financial Calendar:

- Financial reporting for the quarter ending June 30, 2012 : On or before August 14, 2012
- Financial reporting for the half year ending September 30, 2012 : On or before November 14, 2012
- Financial reporting for the quarter ending December 31, 2012 : On or before February 14, 2013
- Financial reporting for the year ending March 31, 2013 : On or before May 30, 2013

Date of Book Closure:

30, July, 2012 to 3, August, 2012 (both days inclusive) for payment of Dividend.

Listing on Stock Exchanges:

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

Stock Code: 507794

Stock Market Data:

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

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Month	High	Low	Volume of Shares Traded
April, 2011	151.00	118.05	100331
May, 2011	146.85	119.00	109842
June, 2011	146.90	120.00	69316
July, 2011	175.00	128.20	147092
August, 2011	170.50	143.00	242425
September, 2011*	169.00	15.75	2590246
October, 2011	19.05	15.90	338625
November, 2011	19.90	13.55	308157
December, 2011	14.85	11.50	94682
January, 2012	16.00	12.02	306206
February, 2012	16.74	12.50	2768364
March, 2012	17.45	13.00	1300897

* Sub-division of equity shares from Rs. 10/- to Rs. 1/- per share.

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, 2012:

No. of Equity Shares held	No. of shareholders	% of share-holders	No. of shares held	% of shareholding
Upto 1000	29495	94.54	6267822	6.46
1001 to 2000	822	2.63	1350659	1.39
2001 to 3000	241	0.77	656592	0.68
3001 to 4000	94	0.30	343533	0.35
4001 to 5000	171	0.55	833959	0.86
5001 to 10000	172	0.55	1359811	1.47
10001 and above	205	0.66	86176824	88.86
Grand Total	31200	100.00	96989200	100.00

Categories of Shareholders as on March 31, 2012

Category	No. of shares Held	% of Shareholding
Promoters	72736170	74.99
Financial Institutions, Mutual Fund and Banks	11540	0.02
Private Corporate Bodies	4236239	4.37
Non-residents /OCBs	1331345	1.37
Indian Public	18673906	19.25
Total	96989200	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, 2012, 9,13,64,980 equity shares of the Company, which amount to 94.20% 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 - 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.)
5. Village Farhad (Somni)
Dist. Rajnandgaon - 491443 (Chhattisgarh)
Processing facility at Arihant phosphate & Fertilizers Ltd.
6. Village Sagwadia, Tehsil Nimbaheda,
Dist. Chittorgarh - 312601 (Rajasthan)

Soya Division (Khaitan Agro):

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

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

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

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, 2012, 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 Regn.No. 000756N

Place: New Delhi
Date: 29.05.2012

NAVEEN AGGARWAL
Partner
Membership No. 94380