



## 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 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	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.

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## 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.

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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
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

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## 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