

KHAITAN CHEMICALS & FERTILIZERS LIMITED



Annexure-'C'

Report on Corporate Governance

In accordance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at Khaitan Chemicals & Fertilizers Limited is as under:

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, consumers, 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 six. Out of the six directors, three directors are Non-Executive and Independent. Shri Shailesh Khaitan (father of Shri Utsav Khaitan), an Executive Promoter Director is the Chairman & Managing Director of the Company. Shri Utsav Khaitan (son of Shri Shailesh Khaitan) and Shri Jagdish Lal Jajoo, Executive Directors are the Whole Time Directors of the Company. Shri Balmukund Dakhera, Shri Vijay Gupta and Ms. Veena Chadha, Non Executive Directors are the Independent Directors of the Company. Dr. Prakash Goyal, Non Executive and Independent Director of the Company has resigned from the Board w.e.f. 05.08.2015 due to his ill health. The composition of the Board of Directors meets the stipulated requirement.

The Board's composition and categories as on March 31, 2016, and the attendance of each director at Board meetings and the last Annual General Meeting (AGM) are as under:

DIN	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
00041247	Shri Shailesh Khaitan	Promoter, Executive	Three	One	NIL	Five	Yes
02758763	Shri Jagdish Lal Jajoo	Executive	NIL	NIL	One	Four	Yes
03021454	Shri Utsav Khaitan	Promoter, Executive	NIL	NIL	NIL	Five	Yes
00754744	Dr. Prakash Goyal (Resigned w.e.f. 05.08.2015)	Independent, Non-Executive	NIL	NIL NIL	NIL	One	No
03511193	Shri Vijay Gupta	Independent, Non-Executive	NIL	NIL	One	Five	Yes
05105269	Shri Balmukund Dakhera	Independent, Non-Executive	NIL	NIL	Two	Four	Yes
06886533	Ms. Veena Chadha	Independent, Non-Executive	NIL	NIL	NIL	Five	Yes

In compliance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Directors of Khaitan Chemicals & Fertilizers Limited do not have Directorship in more than twenty companies or membership of more than ten Board level Committees or Chairman of more than five such Committees. Further none of the Independent Director act as an Independent director in more than seven listed companies.

RESIGNATION OF INDEPENDENT DIRECTOR:

Dr. Prakash Goyal, Non Executive and Independent Director of the Company who was associated with the Company since July 16, 1999, has resigned from the Board w.e.f. 05.08.2015 due to his ill health.

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 the requirement of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

BOARD MEETINGS:

During the financial year ended on March 31, 2016, five Board Meetings were held on April 10, 2015; May 16, 2015; August 5, 2015; November 4, 2015 and February 5, 2016. The Company's last Annual General Meeting (AGM) was held on August 5, 2015.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Letter of Appointment(s) are issued to Independent Directors setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal induction program including the presentation from the Chairman & Managing Director and Whole Time Directors on the Company's manufacturing, marketing, finance and other important aspects. The web link for the familiarisation programmes for Independent Directors is: <http://khaitanchemfert.com/familiarization-programme-for-independent-directors/>

3. AUDIT COMMITTEE

The present strength of the Audit Committee is three as on 31.03.2016. 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.

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

The Audit committee consisted of the following members as on March 31, 2016:

S. No.	Name of Members	Status	No. of Meetings Attended
1	Shri Balmukund Dakhera	Chairman	4
2	Vijay Gupta	Member	4
3	Ms. Veena Chadha (appointed w.e.f. 05.08.2015)	Member	2
4	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	Member	NIL

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During the financial year ended on March 31, 2016, four Audit Committee Meetings were held on May 16, 2015; August 5, 2015; November 4, 2015 and February 5, 2016.

(b) **Terms of reference:** The terms of reference, and the role of Audit Committee is to overview the accounting system, financial reporting, disclosures of financial reporting, internal control system and risk management system of the Company. The powers and role of the Audit Committee are set out in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and section 177 of the Companies Act, 2013.

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

(d) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee.

4. **NOMINATION & REMUNERATION COMMITTEE**

The present strength of the Nomination & Remuneration Committee is three as on 31.03.2016. All three are non-executive independent directors viz., Shri Balmukund Dakhera, Shri Vijay Gupta & Ms. Veena Chadha. Shri Balmukund Dakhera is the Chairman of the Nomination & Remuneration Committee. Dr. Prakash Goyal, a member of the Nomination & Remuneration Committee has resigned on 05.08.2015 due to his ill health.

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

The Nomination & Remuneration Committee consisted of the following members as on March 31, 2016:

S. No.	Name of Members	Status	No. of Meetings Attended
1	Shri Balmukund Dakhera	Chairman	2
2	Vijay Gupta	Member	2
3	Ms. Veena Chadha (appointed w.e.f. 05.08.2015)	Member	1
4	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	Member	NIL

During the financial year ended on March 31, 2016, two Nomination & Remuneration Committee Meetings were held on May 16, 2015 & November 4, 2015.

(b) **Terms of reference:** The terms of the reference of Nomination and Remuneration Committee includes 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 and the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 178 of the Companies Act, 2013.

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

(d) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee.

(e) **Performance Evaluation Criteria for Independent Directors:** The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors which are as under-

AREAS OF EVALUATION

- Frequency of meetings attended.
- Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.
- Interpersonal relations with other directors and management.
- Familiarity with the objects, operations and other functions of the company.
- Exercise of fiscal oversight and monitoring financial performance and monitoring of Corporate Governance Regulations and compliance.
- Adherence to Code of Conduct and Business ethics by directors individually and collectively.
- Performance of the Chairperson, Whole time Directors of the company and overall performance of the Board / Committees.

(f) NOMINATION & REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

Definitions:

"Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

"Key Managerial Personnel" means:

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- Chief Financial Officer;
- Company Secretary; and
- such other officer as may be prescribed.

"Senior Managerial Personnel" mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, including all functional heads and factory heads.

Objective:

The objective of the policy is to guide the Board, in relation to appointment, re-appointment and removal of Directors, Key Managerial Personnel and Senior Management, to evaluate the performance of the directors, remuneration payable to the Directors, Key Managerial Personnel and Senior Management, so to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage and to guide succession plan for the Board and to regularly review the plan.

Role of the Committee:

Considering the size of the Company, the role of the NRC will be the following:

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To evaluate/recommend to the Board the appointment/re-appointment and removal of Directors (based on diversity, composition etc.) and Senior Management including their remuneration while keeping in mind that any such process does not distort functional hierarchy.
- Overseeing succession planning for replacing Key Executives.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

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Broad Policy:

- All the recommendation should adhere to applicable statutory provisions.
- The Committee should give uncompromising high weightage to moral/ social/ financial integrity of any existing/ proposed directors/ employees.
- The Committee shall decide its own way of working to interface the Organization.
- The Committee shall communicate all its decisions/ recommendations by way of minutes of 'Nomination and Remuneration Committee' which shall be considered by the Board of Directors for implementation or otherwise as consider necessary.

5. REMUNERATION OF DIRECTORS:

- (a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2015-2016.
- (b) The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings attended by them, of such sum as may be approved by the Board of Directors / Members of the Company within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.
- (c) Details of remuneration paid to Executive Director for the financial year 2015-16.

(Rs. in lacs)

Name	Designation	Salary	Commission/ Sitting Fees	Perks & Allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	24.00	-	33.06	57.06	5 years
Shri Utsav Khaitan	Whole Time Director	16.30	-	0.01	16.31	5 years
Shri Jagdish Lal Jajoo	Whole Time Director	12.00	-	-	12.00	5 years

(d) Details of remuneration paid to non-executive Director for the financial year 2015-16:

At present 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 and shares held by them in the financial year 2015-16 are given below:

S. No.	Name of Directors	Sitting Fees (in Rs.)	No. of Shares Hold
1	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	15,000	800
2	Shri Vijay Gupta	1,65,000	80
3	Shri Balmukund Dakhera	1,20,000	0
4	Ms. Veena Chadha	1,27,500	0

6. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

The Board has constituted a Stakeholder's Relationship Committee consisting of three members as on 31.03.2016, chaired by Shri Vijay Gupta, an Independent, Non-executive Director. CS Kamlesh Joshi, Company Secretary & General Manager of the Company is designated as Compliance Officer. The Committee meets at regular intervals to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificate, non receipt of declared dividend etc. 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.

(a) COMPOSITION

The constitution of the Stakeholder's Relationship committee is as under:

S. No.	Name	Chairman/Member	No. of Meeting Attendend
1	Shri Vijay Gupta	Chairman, (w.e.f. 05.08.2015) Independent, Non-executive	4
2	Ms. Veena Chadha (Appointed w.e.f. 05.08.2015)	Member, Independent, Non-executive	2
3	Shri Kamlesh Joshi (w.e.f. 05.08.2015)	Member /Compliance Officer, Executive	4
4	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	Chairman, Independent, Non-executive	Nil
5	Shri R.S. Vijayvargiya (retired on 05.08.2015)	Member, Executive	2

During the financial year ended on March 31, 2016, Four Stakeholder's Relationship Committee Meetings were held on May 16, 2015; August 5, 2015; November 4, 2015 and February 5, 2016.

(b) QUORUM: Two Members.

- (c) **STATUS OF SHAREHOLDERS' GRIEVANCE:** During the year 2015-16, the Company has received 144 grievances and has resolved the same according to the satisfaction of shareholders within prescribed time. There are no pending grievance as on 31.03.2016.

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:

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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

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Board has constituted a Corporate Social Responsibility Committee consisting of five members, chaired by Shri Jagdish Lal Jajoo, Whole Time Director of the Company. The terms of reference of the CSR Committee broadly comprises to review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress. The detailed CSR Policy has also been uploaded on Company's Website: **Web-link:** <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>.

COMPOSITION

The constitution of the Corporate Social Responsibility committee is as under:

S.No	Name	Chairman/ Member	No. of Meeting Attended
1.	Shri Jagdish Lal Jajoo	Chairman, Whole Time Director	1
2.	Shri Utsav Khaitan	Whole time Director	1
3.	Shri Vijay Gupta	Member, Independent, Non-executive	1
4.	Shri Balmukund Dakhera	Member, Independent, Non-executive	1
5.	Ms. Veena Chadha (appointed w.e.f. 05.08.2015)	Member, Independent, Non-executive	1
6.	Dr. Prakash Goyal (resigned w.e.f. 05.08.2015)	Member, Independent, Non-executive	Nil

During the financial year ended March 31, 2016, one meeting of Corporate Social Responsibility Committee was held on February 5, 2016.

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

(b) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee.

8. INDEPENDENT DIRECTOR'S MEETING:

During the year under review, the Independent Directors met on February 5, 2016, inter-alia to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

9. 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	Whether passed any Special Resolutions
31.	2012-2013	Registered office of the Company	August 6, 2013	1.00 P.M.	No
32.	2013-2014	Registered office of the Company	August 7, 2014	1.00 P.M.	Yes*
33.	2014-2015	Registered office of the Company	August 5, 2015	1.00 P.M.	Yes**

* The Company has in its AGM held on August 7, 2014 has passed the following special resolution:

- Adoption of New Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.
- Increase in the Overall limit of Borrowing.

** The Company has in its AGM held on August 5, 2015 has passed the following special resolution:

- Appointment of Shri Jagdish Lal Jajoo as Whole Time Director.

10. 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, Management Discussion and Analysis Report, Report on Corporate Governance, Audited Financial Statements and other important information.
- The website of the Company www.khaitanchemfert.com acts as the primary source of information regarding the operations of the Company, quarterly/ half-yearly/ annual financial results and other media releases are being displayed on the Company's website.
- Quarterly/ half-yearly/ annual results approved by the Board of Directors are submitted to the Stock Exchange in terms of the requirement of Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and are published in the following news papers, namely, Free Press (English) and Chautha Sansar (Hindi).

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11. GENERAL SHAREHOLDER INFORMATION:

- (a) **Annual General Meeting:** The 34th Annual General meeting of the Company will be held on Thursday, the 11th day of August, 2016 from 1:00 P.M. at Registered Office of the Company at A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.)
- (b) **Financial Calendar for the Financial Year 2015-16:**
- Financial reporting for the quarter ending June 30, 2016 : On or before August 14, 2016
 - Financial reporting for the half year ending September 30, 2016 : On or before November 14, 2016
 - Financial reporting for the quarter ending December 31, 2016 : On or before February 14, 2017
 - Financial reporting for the year ending March 31, 2017 : On or before May 30, 2017
- (c) **Dividend Payment:** Dividend, if declared will be paid on 16.08.2016.
- (d) **Listing of Shares:** The Shares of the Company is listed on The Bombay Stock Exchange Ltd., (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001. The Company has paid Annual Listing Fee for the year 2016-2017 to the Stock Exchange.
- (e) **Stock Code: 507794.**
- (f) **International Security Identification No. (ISIN): NSDL and CDSL: INE745B01028**
- (g) **Market Price Data and Comparison with SENSEX:**

The monthly high and low quotations and volume of shares traded on the Stock Exchange, Mumbai (BSE) along with comparison with S&P BSE SENSEX is as follows:

Month	Monthly High (n Rs.)	Monthly Low (n Rs.)	Volume of Shares Traded	SENSEX Monthly High	SENSEX Monthly Low
April, 2015	9.20	6.81	387785	29094.61	26897.54
May, 2015	9.86	7.37	709039	28071.16	26423.99
June, 2015	9.84	7.00	217059	27968.75	26307.07
July, 2015	11.95	7.52	430362	28578.33	27416.39
August, 2015	11.60	8.77	559117	28417.59	25298.42
September, 2015	9.70	7.75	96608	26471.82	24833.54
October, 2015	9.00	7.66	112162	27618.14	26168.71
November, 2015	9.20	7.75	212781	26824.30	25451.42
December, 2015	9.70	8.01	131993	26256.42	24867.73
January, 2016	10.98	8.00	88083	26197.27	23839.76
February, 2016	8.80	7.45	620825	25002.32	22494.61
March, 2016	8.90	7.80	707316	25479.62	23133.18

(h) **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

- (i) **Share Transfer System:** In order to expedite the process of share transfers, the Board has delegated the power to approve share transfers to the Company Secretary, who attend to share transfer formalities fortnightly. The Company has appointed Ankit Consultancy Pvt. Ltd. as Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/ rematerialization of securities.

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 1000	20155	94.08	4251169	4.38
1001 to 2000	599	2.80	969243	1.00
2001 to 3000	157	0.73	422931	0.44
3001 to 4000	94	0.44	344651	0.36
4001 to 5000	114	0.53	552393	0.57
5001 to 10000	141	0.66	1103706	1.14
10001 and above	163	0.76	89345107	92.12
Grand Total	21423	100.00	96989200	100.00

Categories of Shareholders as on March 31, 2016 :

Category	No. of shares Held	% of Shareholding
Promoters	72736169	74.99
Financial Institutions, Mutual Fund and Banks	6950	0.01
Private Corporate Bodies	5125430	5.28
Non-residents /OCBs	476192	0.50
Indian Public	18644459	19.22
Total	96989200	100.00

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- (k) **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, 2016, **9,38,91,722** equity shares of the Company, which amount to **96.81%** 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.**

- (l) **Commodity Price Risk/ Foreign Exchange Risk and Hedging:** Foreign Exchange Risk has been fully covered by the Company.

- (m) **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)

Soya Division (Khaitan Agro):

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

- (n) **Investor Correspondence (Details of Compliance Officer):**

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:

CS KAMLESH JOSHI

Company Secretary & General Manager

Khaitan Chemicals & Fertilizers Ltd.

L24219MP1982PLC004937

Apollo Arcade, 3rd Floor, 1/2, Old Palasia, Indore-452018.

Tel. No. 0731-4753666, 4237926 Fax No. 0731-2562572

Email- khaitanchemfert@gmail.com

- (o) **Date of Book Closure:**

4th day of August, 2016 to 11th day of August, 2016 (both days inclusive) for Annual general Meeting/payment of Dividend.

12. OTHER DISCLOSURES:

- a. There are no materially significant transactions with its promoters, the directors or the senior management personnel, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company. The disclosure in respect of related party transactions is provided in the notes on accounts. All contracts with the related parties entered into during the year are in normal course of business and have no potential conflict with the interest of the Company at large and are carried out on arm's length basis at fair market value.
- b. Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.
- c. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has framed a Whistleblower Policy. No personnel has been denied access to the Audit Committee. The detail Whistleblower policy has been uploaded on the Company's website: Web-link: <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-Vigil-Mechanism-Policy.pdf>
- d. The Company has complied with the mandatory requirements of the Listing Regulation. The Company has adopted various non-mandatory requirements as well, as discussed under relevant headings.
- e. The Company does not have any subsidiary company.
- f. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year, which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.
The company has framed Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions and is placed on the Company's website and the web link for the same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Policy-on-materiality-of-RPT-KCFL>. The Company has also formed Related Party Transactions Policy and the weblink for same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Related-Party-Transactions-Policy>
- g. 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. Further the company did not engage in commodity hedging activities.

13. INSTANCE OF NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT.

There has been no instance of non-compliance of any requirement of corporate governance report as mentioned in sub-paras 2 to 12 above.

14. ADOPTION OF NON-MANDATORY REQUIREMENTS:

The Company has adopted below mentioned discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Reporting of Internal Auditor

The Internal Auditor of the Company is a invitee to the Audit Committee Meeting for reporting their findings of the internal audit to the Audit Committee Members.

15. THE COMPANY HAS FULLY COMPLIED WITH THE APPLICABLE REQUIREMENT SPECIFIED IN REG. 17 TO 27 AND CLAUSE (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

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Declaration Regarding Compliance with the Company's Code of Conduct pursuant to Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

As required by Regulation 34(3) and Schedule V (D) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby declare that all the Directors and Senior Management of the Company have confirmed compliance with the Code of Conduct as adopted by the Company.

Place: Gurgaon
Date: 27.05.2016

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR

COMPLIANCE CERTIFICATE

{under Regulation 34(3) and Schedule V(E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015}

To,
The Members
Khaitan Chemicals & Fertilizers Limited
(CIN:L24219MP1982PLC004937)

We have examined the compliance of conditions of corporate governance by Khaitan Chemicals & Fertilizers Limited, for the year ended March 31, 2016, as stipulated in Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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, 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 SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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 Ritesh Gupta & Co.
Company Secretaries

Place: Indore
Date : 27.05.2016

Ritesh Gupta
CP:3764, FCS:5200

Disclosures with respect to demat suspense account/ unclaimed suspense account pursuant to Regulation 34(3) read with Schedule V (F) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

Particulars	No. of Shareholders	No. of shares held by them
Detail of shareholders as on 01.04.2015	7432	1987060
Shareholders who approached during the year for transfer of shares	24	17360
Shareholders to whom shares are transferred during the year	24	17360
Detail of shareholders as on 31.03.2016	7408	1969700

Further the voting rights on above mentioned shares are frozen till the rightful owner claims the shares.

Place: Gurgaon
Date: 27.05.2016

(SHAILESH KHAITAN)
CHAIRMAN & MANAGING DIRECTOR



CEO and CFO Certification under Regulation 17(8) and Part B of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

The Board of Directors
Khaitan Chemicals & Fertilizers Limited

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee:
 - (a) significant changes in internal control over financial reporting during the year;
 - (b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Yours sincerely,

Place: Gurgaon
Date: 27.05.2016

Shri Shailesh Khaitan
(Chairman & Managing Director)

Shri H.V. Agnihotri
(President & Chief Financial Officer)