



# **Khaitan** CHEMICALS AND FERTILIZERS LTD.

CIN : L24219MP1982PLC004937

Apollo Arcade, 3rd Floor, 1/2, Old Palasia, INDORE - 452018 (M.P.) Phone : 4753666  
Fax : 0731-4753655, E-mail : khaitanind@gmail.com, Website : www.khaitanchemfert.com

**KCFL/2021/**

**June 8, 2021**

The Manager (DCS),  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai 400 001  
**Scrip Code : 507794**

The Manager,  
Listing Compliance Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051  
**Symbol : KHAICHEM**

**Sub: 39<sup>th</sup> Annual Report for the year 2020-21 under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')**

Dear Sir/Madam,

In terms of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We are enclosing herewith Annual Report for the year 2020-21 of the Company. Which is also being sent through electronic mode to those Members whose e-mail addresses are registered with the Company / Registrar and Transfer Agent/ Depositories.

The same is also available on the website of the Company at <https://www.khaitanchemfert.com>

**This is for your information and record.**

**Thanking you,**

**Yours faithfully,  
for KHAITAN CHEMICALS AND FERTILIZERS LIMITED**

**CS KAMLESH JOSHI  
(Company Secretary & General Manager)**



# ***KHAITAN CHEMICALS AND FERTILIZERS LIMITED***

**39<sup>th</sup> Annual Report  
2020-2021**

ANNUAL GENERAL MEETING:		BOARD OF DIRECTORS:	
Date :	7th day of July, 2021	Shri Shailesh Khaitan :	Chairman & Managing Director
Day :	Wednesday	Shri Utsav Khaitan :	Joint Managing Director
Time :	1:00 P.M.	Shri Jagdish Lal Jajoo :	Whole Time Director
Place :	To be convened through VC/OAVM	Shri Vijay Gupta :	Independent Director
		Shri Balmukund Dakhera :	Independent Director
		Ms. Veena Chadha :	Independent Woman Director
REGISTERED OFFICE:		KEY MANAGERIAL PERSONNEL :	
A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451569 (M.P.)		Shri Shailesh Khaitan :Chairman & Managing Director	
		Shri Utsav Khaitan:Joint Managing Director	
		Shri Harsh Vardhan Agnihotri : President & Chief Financial Officer	
		Shri Kamlesh Joshi : Company Secretary & General Manager	
INDORE OFFICE:		STATUTORY AUDITORS:	
301-308, Apollo Arcade, 1/2, Old Palasia, Indore - 452018 (M.P.)		M/s. N.S.B.P. & Co., Chartered Accountant 325, Third Floor, U.S. Complex, Opp. Apollo Hospital, 120, Mathura Road, SaritaVihar, New Delhi-110076	
GURUGRAM OFFICE:		KOLKATA OFFICE:	
202-203, Sewa Corporate Park, M.G. Road, Sector-28, Gurugram-122 002 (Haryana)		Tirumala, 22 East Topsia Road, Unit 9A, 9 <sup>th</sup> Floor, Kolkata-700 016	
SECRETARIAL AUDITORS		SOLICITORS:	
Ritesh Gupta & Co.(Company Secretaries) 56-A, Anil Nagar, M.R.-9 Road, Indore - 452 001(M.P.)		M/s. Khaitan & Partners, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001	
WORKS :		BANKERS:	
<b>Fertilizers &amp; Chemical Division:</b>		<ul style="list-style-type: none"> <li>● State Bank of India</li> <li>● Union bank of India</li> <li>● Axis Bank Ltd.</li> <li>● IDBI Bank Ltd.</li> <li>● HDFC Bank Ltd.,</li> </ul>	
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>CONTENTS:</b>	
<b>Soya Division:</b>		Notice of Annual General Meeting : 01-06 Directors' Report : 07-11 Management Discussion & Analysis Report : 12-14 Report on Corporate Governance : 15-21 Annexure's of Director's Report : 22-31 Auditor's Report : 32-35 Balance Sheet : 36 Statement of Profit & Loss : 37 Cash Flow Statement : 38 Statement of Change in Equity : 39 Notes to Financial Statements : 40-68	
7). Dosigaon Industrial Area, Ratlam - 457001 (M.P.)			
LISTING OF SHARES:			
BSE Limited : Stock Code - 507794 National Stock Exchange of India Limited : Symbol - KHAICHEM ISIN No.: INE745B01028 (NSDL & CDSL)			

**Note:** As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition and relodged transfers of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/ CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and these Shares that are relodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Ankit Consultancy Private Limited for assistance in this regard.



## KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

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

e-mail: [secretarial@kcfl.in](mailto:secretarial@kcfl.in), Website: [www.khaitanchemfert.com](http://www.khaitanchemfert.com)

Phone: 0731-4237926, 4753666, Fax: 0731-4753655

### NOTICE OF 39<sup>th</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY NINTH ANNUAL GENERAL MEETING OF 'KHAITAN CHEMICALS AND FERTILIZERS LIMITED'** will be held on Wednesday 7<sup>th</sup> Day of July, 2021 at 1:00 P.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2021, including the Audited Balance Sheet as at 31<sup>st</sup> March, 2021, and the statement of profit and loss for the Financial Year ended on that date, the Cash Flow Statement for the Financial 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 Financial Year ended 31<sup>st</sup> March, 2021.
3. To appoint a director in place of Shri Jagdish Lal Jajoo (DIN: 02758763), who retires by rotation and being eligible offers himself for re-appointment.

#### SPECIAL BUSINESS:

4. To Ratify the Remuneration of the Cost Auditors for the financial year ending March 31, 2022.

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. 95000/- plus taxes as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2022 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."

5. To approve appointment of Shri Utsav Khaitan (DIN: 03021454) as Joint Managing Director (KMP) of the Company:

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

**"RESOLVED THAT** pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 117, 196, 197 and 203 read with Schedule V and Article of Association of the Company as amended from time to time and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (Including any statutory modification or reenactment(s) thereof for the time being in force), the approval of the members/shareholders of the Company be and are hereby accorded to approve the terms of appointment and remuneration of Shri Utsav Khaitan (DIN: 03021454) as Joint Managing Director (Key Managerial Personnel) of the Company, for a period of Three (3) years from February 1, 2021 to January 31, 2024 as recommend/ approved by the Nomination & Remuneration Committee and Board of Directors in its meeting held on February 2, 2021, on the terms and conditions including remuneration as set out in explanatory statement annexed to the notice convening this meeting, with liberty to the Board of Directors 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 accepted to Shri Utsav Khaitan, subject to the same not exceeding the limit specified under Schedule V to the Companies Act, 2013 or any statutory modifications or re-enactment thereof."

**"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."

By Order of the Board

S/d

(CS KAMLESH JOSHI)

Company Secretary & General Manager

Place : Indore

Date : May 12, 2021

#### NOTES:

1. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, which sets out details relating to Special Businesses to be transacted at the meeting, is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

3. 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. Electronic copy of the Annual Report for the FY 2020-21 is being sent to all the members whose email ID's are registered with the Company/Depository Participants. Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company/Ankit Consultancy Pvt. Ltd., the Registrar and Share Transfer Agent in case the shares are held by them in physical form.
4. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to

- attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
5. Corporate Members whose Authorised Representatives are intending to attend the Meeting through VC/OAVM are requested to send to the Company on their email Id:- [secretarial@kcfi.in](mailto:secretarial@kcfi.in), a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting and through remote e-voting.
  6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
  8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting on the day of the AGM will be provided by NSDL.
  9. The Register of Members, Beneficial Owner and Share Transfer Books of the Company will remain closed from Thursday, July 1, 2021 to Wednesday, July 7, 2021, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
  10. The dividend on Equity Shares, if declared at the AGM, will be payable on or after Monday, July 12, 2021 to those members whose names appear as Members in the Register of Members of the Company on Wednesday, June 30, 2021 in respect of the shares held in electronic form, the dividend will be paid on the basis of Beneficial Ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
  11. In Compliance with the directions issued by Ministry of Corporate Affairs ("MCA") vide its Circular dated May 5, 2020 read with Circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and SEBI vide its Circular No. SEBI/HO/CFD/ CMD1/CIR/PI/2020/79 dated May 12, 2020 and SEBI/ HO/CFD/CMD2/CIR/PI/2021/11 dated January 15, 2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice of the AGM along with Annual Report 2020-21 will also be available on the Company's website [www.khaitanchemfert.com](http://www.khaitanchemfert.com), websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and also on the website of NSDL (agency for providing the Remote e-Voting facility) [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  12. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
  13. Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
  14. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
  15. 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.
  16. 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.
  17. Shareholders who are still holding physical share certificate are advised to dematerialize their shareholding to avail benefit of dematerialization.
  18. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2012-13 to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of Companies Act, 2013.
  19. Members are advised to claim their unpaid dividend for the year 2013-14 to 2019-20 (Final Dividend) and 2020-21 (Interim Dividend) if any, the Company is having total unpaid dividend of Rs. 14.29 lacs for the year 2013-14 to 2019-20 (Final Dividend) and 2020-21 (Interim Dividend). 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. Therefore in the interest of the members it is advised to take appropriate action to encase the unpaid dividend and update their bank particulars through the respective DPs.  
Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the company to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of section 125. The Company has sent intimation to all such shareholders who have not claimed their dividend for seven consecutive years. The details of unclaimed/unpaid dividend are also available on the website of the Company viz. [www.khaitanchemfert.com](http://www.khaitanchemfert.com)
  20. Members desirous of obtaining any information concerning to the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
  21. Details required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is annexed herewith to Notice as **Annexure-I**. The Directors have furnished the requisite declarations for their appointment/re-appointment.
  22. 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 or to the Registrar and Share Transfer Agent.
  23. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, and the Register of Directors and Key Managerial Personnel 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.

24. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
25. Relevant documents referred to in the accompanying Notice and in the Explanatory Statement are open for inspection by the Members at the Company's Registered Office and at Company's office at 301-308 Apollo Arcade, 3<sup>rd</sup> Floor, 1/2 Old Palasia Indore- 452 018 (M.P.) on all working days (except Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. up to the date of this Annual General Meeting ("AGM") and also at the AGM.

## THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

- I. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the company is pleased to provide members facility to exercise their right to vote at 39<sup>th</sup> Annual General Meeting (AGM) by electronic means /remote e-voting and the business may be transacted through e-Voting Services provided by NSDL.
- II. The remote e-voting period begins on Sunday, 4<sup>th</sup> day of July, 2021 (9.00 A.M.) and ends on Tuesday, 6<sup>th</sup> day of July, 2021 (5.00 P.M) The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Wednesday, 30<sup>th</sup> day of June, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Wednesday, 30<sup>th</sup> day of June, 2021.
- III. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. Wednesday, 30<sup>th</sup> day of June, 2021, may obtain the login ID and password by sending a request at "<mailto:evoting@nsdl.co.in>" evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on "[https://linkprotect.cudasvc.com/url?u=http%3a%2f%2fwww.evoting.nsdl.com&c=E.1.Cwf6ZXJG5\\_dHbWEVEUmv6bL\\_IHuJGgV\\_MFbJbEzD6tlobjVXTic4adOLgmThQFn9juTkKptd0bgKkuJXAz6eAfP57G4Qegcd\\_iRQ4w\\_&typo=1](https://linkprotect.cudasvc.com/url?u=http%3a%2f%2fwww.evoting.nsdl.com&c=E.1.Cwf6ZXJG5_dHbWEVEUmv6bL_IHuJGgV_MFbJbEzD6tlobjVXTic4adOLgmThQFn9juTkKptd0bgKkuJXAz6eAfP57G4Qegcd_iRQ4w_&typo=1)" www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Wednesday, 30<sup>th</sup> day of June, 2021 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
- IV. The Board of Directors has appointed CS Ritesh Gupta, Company Secretary in Whole Time Practice (ICSI Membership No. FCS-5200 CP No. 3764) as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- V. 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) working days of passing of the resolutions at the AGM of the Company and communicated to The BSE Limited and National Stock Exchange of India Limited.
- VI. The details of the process and manner for remote e-voting are explained herein below.

### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

### **Step 1: Access to NSDL e-Voting system**

#### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<b>Individual Share holders holding securities in demat mode with NSDL.</b>	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "<b>Beneficial Owner</b>" icon under "Login" which is available under "<b>IDeAS</b>" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https:// eservices.nsdl.com</a>. Select "<b>Register Online for IDeAS Portal</b>" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/ SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

Type of shareholders	Login Method
<b>Individual Shareholders holding securities in demat mode with CDSL</b>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
<b>Individual Shareholders (holding securities in demat mode) login through their depository participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Helpdesk details	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

## B) Login method for e-Voting and joining virtual meeting for shareholders other than Individual Shareholders holding securities in demat mode and shareholders holding securities in physical mode.

### How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is :
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- Password details for shareholders other than Individual shareholders are given below:
  - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - How to retrieve your 'initial password'?
    - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com).
  - Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](https://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.



- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [csriteshguptakcfl@gmail.com](mailto:csriteshguptakcfl@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. 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 download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990(Airtel) and 1800 22 44 30(MTNL) or send a request to (Mr. Nipul Shah) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical form please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [secretarial@kcfl.in](mailto:secretarial@kcfl.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [secretarial@kcfl.in](mailto:secretarial@kcfl.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for**

### Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a Speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@kcfl.in](mailto:secretarial@kcfl.in).
6. Shareholders who would like to express their views/ask questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [secretarial@kcfl.in](mailto:secretarial@kcfl.in). The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.



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

### Item No. 4

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 an 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 12, 2021, 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 Ratlam (**for Soya Products**) at a remuneration of Rs. 95000/- plus taxes as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2022.

The Resolution at Item No. 4 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. 4 of the Notice.

### Item No. 5

The Chairman informed to the Board, that Shri Utsav Khaitan is associated with this Company since 06.08.2013, and presently he has holding the position of Whole Time Director in the Company. His guidance has been valuable in Company. Shri Utsav Khaitan is Graduate in Economics from New York University.

The Chairman further informed to the Board, that Shri Utsav Khaitan is son of Shri Shailesh Khaitan, Promoter, Chairman and Managing Director of the Company and to take him again on Board as a Joint Managing Director for larger long term interest of the Company. It would be appropriate to appoint him as Joint Managing Director of the Company for a period of Three (3) years with effect from February 1, 2021 to January 31, 2024. The Board of Director of the company in its meeting held on 02.02.2021 and on the recommendation of the Nomination and Remuneration Committee in its meeting held on 02.02.2021 has appointed Shri Utsav Khaitan as Joint Managing Director of the Company subject to the approval of members/shareholders of the Company in ensuing General Meeting as a **Special Resolution**. At the remuneration, in accordance with norms laid down in section 196,197 and other applicable provisions of the Companies Act, 2013 and the rules made there under Schedule V of Companies act, 2013.

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

#### Remuneration, benefits and perquisites:

- i. **Salary:** Rs. 11,00,000/- (Rupees Eleven Lacs) per month, with an annual increment of Rs. 1,00,000/- (Rupees One Lac) per month. Salary will be subject to the deduction of Income tax at the applicable rates, under the Income Tax Act, 1961.
- ii. **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.

#### iii. Perquisites

##### a) Medical Allowance:

Medical Allowance, subject to the ceiling of one month's salary in a year with a right to carry forward.

##### b) Leave and Leave Travel Allowances:

Leave Travel Allowance, subject to the ceiling of one month's salary in a year with a right to carry forward.

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.

##### c) 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..

##### d) Insurance Allowance:

Insurance Allowance Rs. 1,00,000/- in a year with a right to carry forward

#### iv. 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.

#### v. 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.

#### vi. Sitting Fees:

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

Shri Utsav Khaitan is liable to retire by rotation during his tenure as a Joint Managing Director.

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

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.

Except Shri Utsav Khaitan, being an appointee and Shri Shailesh Khaitan, Chairman & 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.5. This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Shri Utsav Khaitan is holding 13439 Equity shares consisting 0.01% of the paid up share 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 Utsav Khaitan, as the Joint Managing Director.

The resolution for seeks approval of members as an Special Resolution for the Appointment of Shri Utsav Khaitan as a Joint Managing Director of the Company with effect from February 1, 2021 to January 31, 2024, pursuant to the provisions of Section 117, 196 and 197 and 203 read with Schedule V other applicable provision of the Companies Act, 2013 and the rules made there under.

## Annexure-I

### Details of Directors seeking appointment/re-appointment at the Annual General Meeting (In pursuance of Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of Director	Shri Utsav Khaitan	Shri Jagdish Lal Jajoo
Age	30 years	77 years
Qualification	B.Sc (Economics)	Chartered Accountant
Date of Appointment	20 <sup>th</sup> May, 2014	1 <sup>st</sup> January, 1991
Expertise	Marketing	Rich and vast experience in the field of management and Finance
Other Directorships (excluding Pvt. Companies) as on 31 <sup>st</sup> March, 2021	Nil	Nil
Chairman / Member of the Committees as on 31 <sup>st</sup> March, 2021	<b>Member :</b> Corporate Social Responsibility Committee	<b>Chairman:</b> Corporate Social Responsibility Committee
Shareholding (No. of Shares)	13439	240

**DIRECTORS' REPORT****To the Members,**

Your Directors are pleased to present the 39<sup>th</sup> Annual Report of your Company alongwith Audited Financial Statement for the financial year ended 31<sup>st</sup> March, 2021.

**FINANCIAL RESULTS**

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2021 is summarized below:

**(Rs. in Lacs)**

Particulars	2020-21	2019-20
Sales	<b>48,715.28</b>	43,711.31
Total Income	<b>48,770.31</b>	43,937.95
Surplus before interest, depreciation, exceptional items and Tax	<b>6,031.57</b>	4,817.90
Less: Financial Cost	<b>1,354.96</b>	1,810.46
Cash Profit before tax	<b>4,676.61</b>	3,007.44
Less: Depreciation	<b>819.34</b>	851.52
Exceptional Items	-	-
Profit /(Loss) before taxation	<b>3,857.27</b>	2,155.92
Provision for current tax	<b>693.29</b>	395.74
Income Tax of earlier year	<b>7.77</b>	2.95
Deferred tax	<b>669.54</b>	249.18
Profit /(Loss) after taxation	<b>2,486.67</b>	1,508.05
Transfer to General Reserve	-	-
Earning Per Share (face value of Re. 1/- each)	<b>2.56</b>	1.55

**REVIEW OF OPERATIONS****FERTILIZER & CHEMICALS DIVISION**

The year 2020-21 saw the Company start in a Country wide lockdown following the pandemic breakout which is still continuing. There was some impact on operations due to local factors like availability of packing labour, declaration of containment zones in factory areas and nearby areas in some plants, delay in availability of service engineers and spare parts in the event of breakdown.

However despite all these factors your Company saw an improved performance in 2020-21.

During the current year the turnover of your Company has increased from Rs. 43,937.95 lacs for the year 2019-20 to Rs. 48,770.31 lacs for the year 2020-21, the operating income has increased from Rs.4,817.90 lacs in 2019-20 to Rs.6,031.57 lacs in 2020-21, and the cash profit has increased from Rs.3,007.44 lacs to Rs.4,676.61 lacs in the respective periods, while the net profit after tax has increased from Rs. 1,508.05 lacs to Rs.2,486.67 lacs.

The Company has produced 4,53,218 MT (previous year 4,36,181 MT) of Single Super Phosphate (SSP) Fertilizer and 1,84,234 MT (previous year 2,13,514 MT) of Sulphuric Acid and sold 4,66,237 MT of SSP (previous year 4,00,796 MT) & 1,11,071 MT of Sulphuric Acid (previous year 1,36,363 MT) respectively.

The Company is continuously putting in efforts to increase the share of 'value added' fortified fertilizers in its product range. The fortified fertilizers launched by the Company have been well accepted by the farmers.

The raw material prices of Rock phosphate and Sulphur remained mostly stable during the year how ever increased towards the end of the year. The prices of rock phosphate have increased mainly on account of short availability of material from supplier & increase in Sea freight and are now constant. The Government has decided to keep the Nutrient Based Subsidy rates same at Rs 2643 per MT for the following year 2021-22 which is likely to increase the farmgate prices of fertilizers.

The pandemic of Covid-19 (first and second phase), didn't affect Khaitan Chemicals and Fertilizers Limited, to the extent that it could

have since the movement and production of fertilizer was not restricted by the Central Government during the lockdown, especially as Fertilizer is covered under the Essential Commodities Act, 1955 and is crucial for farm produce.

Going forward it appears the Government is keen to revive the economy and there are little chances of a country wide lockdown. We are however seeing district-wise lockdowns effected by the state governments while reviewing the local situation. Fertilizer being covered under essential commodities, it is not likely to be restricted. However, the impact of the second wave is yet to be seen. We at our end are taking all precautions to maintain the protocol guidelines laid down by the GOI to keep our employees safe.

In the coming year 2021-22, the long range forecast of monsoons is normal for a third consecutive year. This coupled with the rise in the farm produce in the Kharif and Rabi has given a good disposable income in the hands of the farmers. The estimate of 300 mn plus production of food grains in 2020-21 bodes well for the farmers and the Country.

Another important development in the Industry has been the increased focus of the Ministry of Fertilizers towards quality compliance in the SSP Industry. The movement is already gaining momentum and expected to yield good results. With the improvement in the overall quality of the Industry the organized sector and the Industry as a whole is expected to do well.

**SOYA/AGRI DIVISION**

The Soya Industry is passing through an uncertain phase with widespread activities of speculation by Industry players.

The Company has reduced its activities in this segment to a large extent alongwith total control on fixed expenses.

**DIVIDEND**

Based on the Company's performance, the Board of Directors have declared interim dividend of Re.0.10 per equity share (face value of Re. 1/- per share) in its meeting held on November 2, 2020. The Board of Directors have also proposed to recommend a final dividend of Re.0.15 per equity share (face value of Re. 1/- per share), taking the total dividend to Re.0.25 per equity share (face value of Re. 1/- per share) for the financial year 2020-2021, previous year Re. 0.20 per equity share (face value of Re. 1/- per share).

**SHARE CAPITAL**

The paid up Equity Share Capital as on 31st March, 2021 was Rs. 969.89 Lacs divided into 9,69,89,200 shares of Re. 1/- each. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

**RESERVES AND SURPLUS**

The Company has not transferred any amount to General Reserves for the financial year 2020-21.

**INVESTORS EDUCATION & PROTECTION FUND**

Dividend which was declared by the Company for the year ended March 31, 2014 at the Annual General Meeting held on August 7, 2014 and remained unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government on September 6, 2021 pursuant to the provisions of Companies Act, 2013. Thereafter no claim shall lie on dividend for the year ended March, 31, 2014 from the shareholders.

**PROJECTS & FINANCE**

Due to uncertainty in the economic environment, the Company has neither undertaken any major capital expenditure nor has any fresh loans been raised from banks during the year.

The Company has prepaid its entire Term Loan and Corporate Loan of State Bank of India and IDBI as on March 31, 2021.

As a consortium lead Banker, the State Bank of India has agreed to release of 8,00,000 Pledged Shares of Khaitan Chemicals and Fertilizers Limited held by Promoter Shri Shailesh Khaitan vide their sanction letter dated 03.11.2020.

The State Bank of India has further agreed to release of 3,79,95,680 Pledged Shares of Khaitan Chemicals and Fertilizers Limited held by Corporate Guarantor Shradha Projects Limited vide their sanction letter dated 30.04.2021. Pursuant to the release of the above stated shares there will be no shares pledged by the promoters with the banks and financial institutions.

## **FIXED DEPOSITS**

The Company has not accepted any deposits from the public during the year under review, pursuant to the provisions of Section 73 of the Companies Act, 2013 & the Deposit Rules made there under.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Information required under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed in Form-A of **Annexure '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 of **Annexure 'A'** is not applicable.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In accordance with Schedule V(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report forms part of this Report (**Annexure-B**).

## **FOREIGN EXCHANGE EARNING AND OUTGO**

The Company has earned Rs. NIL on export of goods (Previous year Rs. NIL) and incurred Rs. 11,672.25 lacs (Previous year Rs. 11,389.10 lacs) on import of Raw Materials, Fees & Subscription and Interest on Foreign Currency Loan.

## **DIRECTORS**

In accordance with the provisions of Section 152 (6)(c) of the Companies Act, 2013 and the Articles of Association of the Company, **Shri Jagdish Lal Jajoo** (DIN:02758763), Whole Time Director of the Company is due to retire by rotation at forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment. Directors recommend his re-appointment for the consideration of members of the Company in ensuing General Meeting.

The Board has appointed **Shri Utsav Khaitan** (DIN : 03021454), as a Joint Managing Director of the Company for a period of three years with effect from February 1, 2021 to January 31, 2024, subject to the approval of the members in ensuing General Meeting.

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 Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has received disclosures from all the directors and none of the directors has been disqualified as stipulated under Section 164 of the Companies Act, 2013 and rules made thereunder.

During the year, the Board of Directors met 4 (Four) times. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report (**Annexure - C**).

## **KEY MANAGERIAL PERSONNEL:**

The following employees were designated as whole-time key managerial personnel as required under section 203 of the Companies Act, 2013 by the Board of Directors during the year under review:

- Shri Shailesh Khaitan, Chairman & Managing Director;
- Shri Utsav Khaitan, Joint Managing Director;
- Shri Harsh Vardhan Agnihotri, President & Chief Financial Officer and
- Shri Kamlesh Joshi, Company Secretary (Compliance Officer) & General Manager

## **INDEPENDENT DIRECTORS DECLARATION**

The Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with

Regulation 16 (B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

## **CORPORATE GOVERNANCE**

Your Company has always strived to maintain appropriate standards of good corporate governance. The report on corporate governance as stipulated under Schedule V (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report. The requisite certificate confirming compliance with the conditions of corporate governance as stipulated under the said clause is attached to this report. (**Annexure – C**).

## **DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

The Company has no Subsidiary/Joint Venture/Associate Company.

## **PARTICULARS OF LOAN, GUARANTEES, INVESTMENTS:**

During the year under review, the Company has not made any investments or given loan or provided security or guarantees falling under the provisions of Section 186 of the "the Act".

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

As per the requirement of Section 177 (9) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism called the 'Whistle Blower Policy' for Directors and Employees to report concern of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and the details of the Whistle Blower Policy has been uploaded on the Company's website, Web-link: <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-Vigil-Mechanism-Policy>

## **COMPOSITION OF AUDIT COMMITTEE**

As per the requirement of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The present strength of the Audit Committee comprises of Shri Balmukund Dakhera, Shri Vijay Gupta and Ms. Veena Chadha. Shri Balmukund Dakhera, Chartered Accountant, is the Chairman of the Audit Committee of the Company. All the members of the Audit Committee are independent and non-executive directors. The recommendations of audit committee were duly accepted by the Board of Directors.

## **NOMINATION & REMUNERATION POLICY**

Pursuant to Section 178 of the Companies Act, 2013, the rules made there under and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Nomination & Remuneration Committee, comprises of Shri Balmukund Dakhera, Chairman, Shri Vijay Gupta and Ms. Veena Chadha as its members.

The Nomination & Remuneration Committee framed a policy for selection and appointment, re-appointment, removal, appraisals of Directors and Senior Management and the same is stated in the Corporate Governance Report (**Annexure – C**).

## **AUDITORS & AUDIT REPORT**

The Company had appointed M/s. NSBP & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company for carrying out the Statutory Audit of the Company for the Term of 5 years commencing from the conclusion of 35th Annual General Meeting to the conclusion of 40th Annual General Meeting of the Company (from Financial Year 2017-18 to 2021-22). The Company has received a certificate from them to the effect that their appointment as Statutory Auditors of the Company, would be within the limit prescribed u/s 139 & 141 of the Companies Act, 2013 & also received a peer review certificate issued by the ICAI 'Peer Review Board', as required under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed there under, either to the Company or to the Central Government.

The notes on accounts referred to and the Auditors' Report are self-explanatory and therefore do not call for any explanatory note.

## **COST AUDITOR:**

The Board of Directors, in pursuance of an order under section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, issued by the Central Government, has appointed on the recommendation of Audit Committee 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 2021-22.

As required under Companies Act, 2013 a resolution seeking members approval for the remuneration payable to cost Auditor forms part of the notice conveying the Annual General Meeting for their ratification.

## **INTERNAL AUDITOR:**

M/s. APAS & Company, Chartered Accountants, New Delhi is appointed as Internal Auditor of the Company to conduct the internal audit of the Company for the Financial Year 2021-22, as required under Section 138 of the Company Act, 2013 and the Companies (Accounts) Rules, 2014.

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the Internal Control System and suggests improvements to strengthen the same. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board. Based on the report of internal audit function, Company undertakes corrective action in their respective areas and thereby strengthens the controls. Recommendations along with corrective actions thereon are presented to the Audit Committee of the Board and accordingly implementation has been carried out by the Company.

## **SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed on the recommendation of Audit Committee M/s. Ritesh Gupta & Co., Company Secretaries, Indore (C.P. No. 3764), to undertake the Secretarial Audit of the Company for the financial year 2021-22.

The Secretarial Audit Report for the year 2020-21 does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is self-explanatory and therefore do not call for any explanatory note and the same is annexed herewith as **(Annexure - D)**.

## **SECRETARIAL STANDARDS:**

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

## **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

Pursuant to Section 135 of Companies Act, 2013 and the relevant rules, the Corporate Social Responsibility Committee comprises of Shri Jagdish Lal Jajoo as the Chairman and Shri Utsav Khaitan, Shri Balmukund Dakhara, Shri Vijay Gupta & Ms. Veena Chadha as its members. The detailed CSR Policy has been uploaded on Company's Website. **Web-link:** <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>

The details on CSR activities are annexed herewith as **(Annexure - E)**

## **BOARD EVALUATION**

Pursuant to the provisions of section 134 (3)(p) of the Companies Act, 2013 and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees with the Company.

## **EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return for the year ended on 31.03.2021 in Form MGT-9 is annexed herewith as **(Annexure - G)**.

The details forming part of the extract of the Annual Return for the year ended on 31.03.2021 in Form MGT-9 has been uploaded on Company's Website in investor section at [www.khaitanchemfert.com](http://www.khaitanchemfert.com)

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134(5) of the Companies Act, 2013, 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, 2021 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, 1956/2013 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.
5. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY:**

As per the requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated the Policy on Materiality of Related Party Transactions. All such transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and the same has been approved by the Board. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature and the same is been reviewed by the Audit Committee on quarterly basis. 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.pdf>. 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.pdf>.

Pursuant to the provisions of Section 134 (3) (h) of the Companies Act, 2013, the particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, and prescribed in Form AOC-2 of Companies (Accounts) Rules, 2014, are



appended as **Annexure-F** to this report. Related Party Transactions during the year have been disclosed as a part of Financial Statements as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

## **LISTING OF SHARES**

Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), which provides a wider access to the investors nationwide.

The Company has made all the compliances of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including payment of annual listing fees up to 31<sup>st</sup> March, 2022 to the BSE & NSE.

## **DEMATERIALIZATION OF SHARES**

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31, 2021, 98.42% of the share capital stands dematerialized.

## **RISK MANAGEMENT**

The Company has in place Risk Management Policy as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 134(3)(n) of the Companies Act, 2013, which requires the Company to lay down procedure for risk assessment and risk minimization. The Board of Directors, Audit committee and the Senior Management of the Company should periodically review the policy and monitor its implementation to ensure the optimization of business performance, to promote confidence amongst stake holders in the business processes, plan and meet strategic objectives and evaluate, tackle and resolve various risks associated with the Company. The business of the Company is exposed to various risks, arising out of internal and external factors i.e. Industry, Competition, Input, Geography, Financial, Regulatory, Other Operational, Information Technology related other risks.

The details of Risk Management Policy as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 134(3)(n) of the Companies Act, 2013 has been uploaded on Company's Website in policies section at [www.khaitanchemfert.com](http://www.khaitanchemfert.com)

## **Implementation of the Scheme:**

The functional managers at all locations will be responsible for identifying and assessing the risks within their areas of responsibilities and actions agreed beforehand to resolve such risks. They will report for any new risk or changes in the existing risk to the President/Managing Director. The Board and the senior executives of the Company will oversee the implementation of the policy and review the same periodically; the Board will be updated on key risks faced by the Company and the mitigating actions taken to resolve them.

## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

"The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2020-21.

No of complaints received: · NIL

No of complaints disposed off: Not Applicable"

## **MATERIAL CHANGES AFFECTING FINANCIAL POSITIONS OF THE COMPANY**

No material changes have occurred and commitments made, affecting the financial position of the Company, between the end of the financial year of the Company and the date of this report. There is no order passed by any regulator or court or tribunal against the company, impacting the going concern concept or future operations of the Company.

## **PARTICULARS OF EMPLOYEES**

In terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the rules there under as amended from time to time, forms part of this report (**Annexure-H**).

There are no instances of employees who was in receipt of remuneration in excess of the limit prescribed in provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the rules made thereunder.

In accordance with the provisions of Section 136 of the Act, the Annual Report and Accounts are being sent to all the Members of the Company to electronic mode to those those members whose email addressees are registered with the company as on 4th June 2020 excluding the aforesaid information and the said particulars will be made available on request and also made available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary of the Company.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by himself or alongwith his spouse and dependent children) more than two percent of the equity shares of the Company.

## **APPRECIATION:**

The Board of Directors, wish to place on record its sincere appreciation for the support and co-operation received from all its stakeholders including customers, promoters, shareholders, bankers, suppliers, auditors, various departments/ agencies of Central/State Government and other business associates of the Company.

Your Board recognizes and appreciates the contributions made by all employees at all level that ensure sustained performance in a challenging environment.

for and on behalf of the Board

(SHAILESH KHAITAN)

CHAIRMAN & MANAGING DIRECTOR

DIN: 00041247

Place: New Delhi

Date: 12.05.2021

**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 (KWH)	14693966	14576482
Total amount (Rs. in Lacs)	1357.93	1245.53
Rate/Unit (Rs.)	9.24	8.54
b) Own generation:		
i. Through diesel generator Units(KWH)	30978	109543
Total amount (Rs. in Lacs)	7.83	5.29
Rate/Unit (Rs.)	25.28	4.83
ii. Through steam turbine Units *(KWH)	12631788	14545779
Total amount	-	-
(*Net of Self Consumption in TG)		
<b>2. Coal:</b>		
Quantity (In MT)	4728.49	6677.98
Total Cost (Rs. in Lacs)	276.42	390.97
Rate/Unit (MT) (Rs.)	5845.84	5854.61
<b>3. Furnace oil:</b>		
Quantity (K. Lts.)	151	100
Total Amount (Rs. in lacs)	45.82	35.46
Average Rate /Lt.	30.39	35.30

**B) Consumption per Unit of Production:**

Item	Product	Current Year	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	33.72	35.70
	S.A./Oleum/Liquid So3	65.04	63.95
	Labsa	-	-
	Soya Oil/Doc	N.A.	N.A.
Coal (KG/MT)	Soya Oil/Doc/Power	N.A.	N.A.
	G.S.S.P.	26.18	43.16

## Management Discussion & Analysis Report

Annexure - 'B'

### 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.

The Company's Performance is dependent on several external factors such as performance of monsoons, government policy, fluctuation of prices of raw material and finished products and also their availability, and not to say the least, the pandemic situation in the country, which could adversely affect the operations of the Company.

### BUSINESS OVERVIEW:

The Company is mainly engaged in the manufacture of Single Super Phosphate (Fertilizer), Sulphuric Acid (Chemical) and Soya Edible Oil. All the segments are related to agriculture and greatly affected by monsoons.

### 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

(Quantity in MT)

Particular	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Production:</b>					
SSP	453218	436181	318554	300375	415452
Sulphuric Acid	182042	209787	180443	94873	105792
Oilum/Liquid So3	2192	3706	1007	997	3245
Seed Crushing	-	-	-	-	-
Refined Oil	-	-	-	-	-
<b>Sales:</b>					
SSP	466237	400796	303679	338986	385574
Sulphuric Acid	108827	132674	140329	52281	51710
Soya Oil	613	637	678	861	1001
De-Oiled Cake	-	-	-	-	-

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

(Rs. In lacs)

Particular	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Sales:</b>					
Fertilizer	48131.56	43328.59	36657.38	31513.72	35366.63
Soya	632.74	556.50	580.93	4045.64	1347.60
<b>PBIDT:</b>					
Fertilizer	5550.49	4204.07	3650.12	2813.15	2936.18
Soya / Agri	(319.50)	(250.31)	(232.71)	16.47	361.03
<b>EPS(Rs) :</b>	2.56	1.55	0.81	0.17	0.17
<b>DIVIDEND:</b>	25%	20%	5%	5%	5%
<b>Face Value (Per share)</b>	1	1	1	1	1

The year 2020-21 turned out to be a pandemic year. With a country wide lockdown to begin with, the Company could start its operations only gradually and that too with a lot of restrictive conditions like poor availability of manpower, service engineers, spare parts suppliers and so on.

However despite all the above restrictive conditions the Company could improve its performance over the previous year due to several factors including a normal monsoon year. Fertilizer being covered in the 'Essential Commodities Act', the movement during the lockdown was not restricted by the GOI. This coupled with good monsoons and good income with farmers saw Fertilizer Industry as one of the few Industry's to do well in the pandemic year.

The share of agriculture in gross domestic product (GDP) has reached almost 20 per cent for the first time in the last 17 years, making it the sole bright spot in GDP performance during 2020-21, according to the Economic Survey 2020-2021.

The GOI could successfully implement the partial Direct Benefit Transfer system for the Fertilizer Industry. The GOI also agreed to keep the subsidy for the SSP sector separately earmarked within the overall 'Phosphates and Potassium' segment. This further enabled improve the liquidity in the sector.

During the current year the turnover of your Company has increased from Rs. 43,937.95 lacs for the year 2019-20 to Rs. 48,770.31 lacs for the year 2020-21, the operating income has increased from Rs.4,817.91 lacs in 2019-20 to Rs.6,031.57 lacs in 2020-21, and the cash profit has increased from Rs.3,007.44 lacs to Rs.4,676.61 lacs in the respective periods, while the net profit after tax has increased from Rs. 1,508.05 lacs to Rs. 2,486.67 lacs.

### 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 a raw material for production of SSP.

The Company has produced 4,53,218 MT (previous year 4,36,181 MT) Single Super Phosphate and 1,84,234 MT (previous year 2,13,514 MT) Sulphuric Acid and sold 4,66,237 MT (previous year 4,00,796 MT) & 1,11,071 MT (previous year 1,36,363 MT) respectively.

The Company is continuously trying to improve its share in the fortified high value added fertilizers segment. The products are picking up well in the market.

The Company is continuing its efforts for optimizing its current assets to leverage sales on the one hand and diversifying into new geographical markets on the other. Focus is being laid on producing more value added fortified fertilizers, to improve the product portfolio.

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

Agriculture is the third largest sector of Indian Economy, which contributes around 17% of total GDP of the Country. Fertilizer Industry, with the emerging scenario, plays vital role in the growth of Agriculture Sector. The balanced use of chemical fertilizer is important not only for increasing agricultural productivity but also for sustaining soil fertility.

Single Super Phosphate is a multi nutrient fertilizer containing phosphate (16%) and sulphur (11%) as primary nutrients. SSP is applied as a basal fertilizer being rich in secondary nutrients like calcium and magnesium oxide and several micro nutrients. It is an essential Fertilizer for crops likes 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.
- SSP is multi-nutrient fertilizer containing  $P_2O_5$  as primary nutrient and Sulphur, Calcium & magnesium as secondary nutrients.
- SSP fertilizer is the lowest priced fertilizer per kg, and preferred by small & marginal farmers.
- Highly dependent on Imported Raw Material.
- Subsidised by Government of India to control the prices of the input to the farmers.
- Substantial Import of Finished Products other than SSP.

### Agronomic Importance of SSP:

- SSP helps in improving root growth and development which is most important for uptake of plant nutrient and water.
- For Leguminous crops like groundnut, use of SSP, ensures a large number of nodules on the roots, which fix atmospheric Nitrogen directly into the soil and also increase Nitrogen uptake.
- SSP improves soil aeration and increase water holding capacity of the soil and increase root growth which increase crop yield.
- Oil content of Groundnut and other oil seeds increases. The quantity and quality of oil seeds crops increases.

- In Sugarcane, the sugar content increases which provide more production and monetary benefit to the farmers
- SSP increases resistance power of the plants against attack of pest and disease.
- SSP increases protein content in pulses crop
- SSP helps in leaching excess water from the root zone and prevent yellowing of the crop
- SSP improves storage capacity of product
- SSP also acts as a soil reclaiming agent.

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. SSP being an indigenously manufactured fertilizer saves on foreign exchange outgo vis a vis imported phosphatic fertilizers.

The Industry, however has been suffering from poor quality supply from some unethical players in the market, mainly from the unorganized sector. The Ministry of Fertilizers has now laid special focus on improving the quality in the SSP sector. Recently the GOI has organized a 'Chintan Shivir' to focus on this area apart from other areas needing improvement.

Government's continuous thrust to encourage SSP to substitute imports of DAP and NPK is an indicator of upward trend in the Industry's future.

#### **Future Outlook:**

The continued pandemic situation and the spreading of the second wave is a cause of concern. Fertilizer being covered in the 'Essential Commodities Act' is exempt from restrictions on movements during lockdowns is less likely to be affected as compared to the other Industries. The resilience of the farming community in the face of adversities made agriculture the only sector to have clocked a positive growth of 3.4 per cent at constant prices in 2020-21, when most of the other sectors showed a decline. However, the pandemic can adversely affect the performance of the Company.

On the bright side, it is expected that the Country will have an near normal monsoon in 2021 for the third consecutive year, giving relief to Indian agriculture sector and related industries like Fertilizer.

The Government has floated the idea of replacing the input subsidy with direct income support to farmers and there is a need for "replacing untargeted subsidies (power and fertiliser) by direct income support to address agricultural stress and to achieve doubling farmers' income. The government has been spending nearly 30% of its total subsidy on food, fuel and fertiliser to ensure that farmers get the key agriculture input at cheaper rates.

The Government also seems keen to implement the last phase of the subsidy reforms by way of direct benefit transfer to the farmers. The scheme is under consideration with the Niti Aayog and other government working groups. Once implemented it shall help eliminate false invoicing altogether and also diversion of subsidized fertilizer for other uses. It shall be very beneficial for the SSP Industry.

The government has recently cleared the dues of the fertilizer companies. This is being done by adding Rs 65,000 crore to an already existing subsidy allocation of Rs. 71,309 crore. Clearing of dues has served as a motivation for industry and provided a much needed liquidity relief to the SSP sector.

The year 2018 saw the beginning of DBT (Direct Benefit Transfer), which would transfer money directly to the retailer's account. Presently, the companies are being paid only after the actual sale to the farmer. Currently, there are 2.3 lakh retailers across the country, attached to a Point of Sale (PoS) machine, which is in turn linked to Ministry of Fertiliser's 'E-Urvarak' DBT channel. The retailers are reimbursed weekly, directly to their accounts.

On the agricultural front, the government has continued its focus on augmenting farmer income through various steps. Increased allocation across the schemes to drive irrigation facilities, improve agricultural markets, augment the allied sectors supporting income, setting-up of

FPOs, crop insurance scheme and income supplementation scheme is a major positive. With these steps, Industries expects a positive rub-off effect on fertiliser offtake. However, subsidy reduction remains a major negative takeaway for the fertiliser sector.

The raw material prices of Sulphur have increased sharply since January 2021 and are now going downwards, however the prices of rock phosphate have increased mainly on account of short availability of material from suppliers and increase in sea freights. This will increase the cost of production and with a time lag result in an increase of farm gate prices of fertilizers.

The Government has however decided to maintain the Nutrient Based Subsidy rates at the same level as last year for the fertilizers.

The SSP Industry is very optimistic for the coming financial year, on account of expected normal monsoon. Monsoons have a major impact on the agricultural sector, besides the commodity prices of major raw material inputs. In such a regime SSP fertilizer being a low cost fertilizer has an increased preference with the farmers.

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 plan to introduce DBT subsidy directly to farmers which shall give the farmers unrestricted choice as well as make them understand the real worth of fertilizer used by them.

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

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 market resulting into changing consumption and stocking patterns necessitating higher inventories.

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 a large effect on the performance of the Company.

Uncertainty of monsoon, volatile international market of raw material, seasonal consumption of fertilizer mainly in two months each in Kharif and Rabi, lack of awareness of benefits of SSP consumption amongst farmer fraternity, clubbed with logistics availability/cost and higher requirement of working capital shall remain concerns for the Industry & of the Company.

#### **Covid 19 Impact:**

The COVID-19 (first and second phase), has put a lot of uncertainty in all the industries in the world, and also in India. However the impact was minimized by GOI for the fertilizer industry by exempting it from lockdown and movement across the country being an essential commodity covered under the 'Essential Commodities Act, 1955.' The current second wave will affect the performance of the Company to some extent.

Further, even though the GOI/State Governments did exempt the fertilizer industry from operation lockdown and movement, local factors like factory being in the containment zone, reverse migration of labour, delay in availability of spare parts and delay in repair due to restriction on travel of service engineers are some factors which will impact operations to some extent in the current year.

#### **Soya/Agri Division:**

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

The Company has reduced its activities in this segment to a large extent



alongwith total control on fixed expenses due to low margins in the Industry.

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

## **INDUSTRY STRUCTURE AND DEVELOPMENT:**

The most popular and the largest produced oilseed in the world is Soyabean. 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 Soyabean through complex refining process by crushing Soyabeans, 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 10-16 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.

Soyabean 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.

Soyabean holds a very important position in the Indian agriculture and economy. Madhya Pradesh has the lead among the Soyabean producing states in India followed by Maharashtra. The other major producers are Rajasthan and Andhra Pradesh. The major trading centers for soy in India include Indore and Ujjain in Madhya Pradesh, Nagpur in Maharashtra and Kota in Rajasthan. The country is seeing increased consumption of soyabean meal mainly going into poultry and cattle feed.

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 Soyabean meal is bound to increase.

Soyabean and Soy-Oil are actively traded in Indian commodity exchanges namely, National Commodity & Derivatives Exchange Limited (NCDEX) and Multi Commodity Exchange of India Limited (MCX). However, the trading in these exchanges are now a days in the hand of speculator instead of showing a reasonable trend due to non feasibility of 'Free Trade' and 'Liquid Market'.

## **Future Outlook:**

In India, crushing capacity of Soyabean 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 Soyabean crop due to increase in yield.

Eventually on expiry of incentive period accorded to new entrant's alongwith control on tax evasion, existing players like us will have a competitive edge in a level playing field. The Company has reduced its fixed expenses in view of limited activities.

## **Opportunity, Threats, Risk & Concerns:**

The Company is enjoying ideal location of its soya processing plant i.e. at the heart of Soyabean 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 has started to increase and therefore Indian soy meal need not compete in International market which produces and sells its surplus Soyabean, with hefty State subsidies to agriculture.

Production of Soyabean 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 Soyabean & 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 reduced its activities in this segment to 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 APAS & Company, 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:**

The ability to attract, onboard, develop and engage the right kind of talent is crucial to an organization's long term success. Company strongly believes in continuously taking steps towards talent management, leadership development, employee engagement. 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. As on 31.03.2021, the Company has employed 634 peoples at various locations in India.

Considering the health and safety of the employees of the Company and in line with the advisories, orders and directions issued by both State and Central Government in order to prevent the spread the corona virus (Covid19) outbreak, the Company has carried out operations at plant level as per advisories from time to time. Further the Company has also implemented Work from Home Policy to ensure the safety of employees post covid19 issue. The Company has also taken up with the respective health authorities for vaccination of all its employees. The HR department of the Company is continuously in touch with the employees to guide them and solve their problems. The HR Department of the Company has continuously created the awareness of Covid 19 among the employees of the Company through E-mails and has also educated the employees in respect of personal hygiene and precautions which needs to be taken in this situation of pandemic.

The Company has conducted the interviews through telephone and skype and meetings through Video Conferencing in order to maintain social distancing which is most essential due to the spread of Covid 19.

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; to address the concerns on Environment Protection, the Company has set up an Online Monitoring System at all the plants and concrete efforts were made towards natural resource conservation by way of Water Harvesting, Sewage Treatment Plant, etc.

## **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****Annexure - 'C'**

In accordance Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 and 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, consumer, institutional and other term lenders and place due emphasis on regulatory compliance.

The Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's corporate governance philosophy.

**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 and Shri Utsav Khaitan (son of Shri Shailesh Khaitan) Executive Director is the Joint Managing Director of the Company. Shri Jagdish Lal Jajoo, Executive Directors is the Whole Time Director of the Company. Shri Balmukund Dakhera, Shri Vijay Gupta and Ms. Veena Chadha, Non Executive Directors are the Independent Directors of the Company. The composition of the Board of Directors meets the stipulated requirement.

The Board's composition and categories as on March 31, 2021, 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	Four	Yes
02758763	Shri Jagdish Lal Jajoo	Executive	NIL	NIL	One	Four	Yes
03021454	Shri Utsav Khaitan	Promoter, Executive	NIL	NIL	NIL	Three	Yes
03511193	Shri Vijay Gupta	Independent, Non-Executive	NIL	NIL	One	Four	Yes
05105269	Shri Balmukund Dakhera	Independent, Non-Executive	NIL	NIL	Two	Four	Yes
06886533	Ms. Veena Chadha	Independent, Non-Executive	NIL	NIL	NIL	Four	Yes

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Directors of Khaitan Chemicals and 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.

**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 Regulation 16 (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**BOARD MEETINGS:**

The Board meets at regular intervals to discuss and decide on business strategies/policies etc. and review the financial performance of the Company.

During the financial year ended March 31, 2021, Four Board Meetings were held on; June 22, 2020; August 1, 2020; November 2, 2020 and February 2, 2021.

The intervals between two meetings was well within the maximum period mentioned under section 173 of the Companies Act, 2013 and Regulation 17(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company's last Annual General Meeting (AGM) was held on August 7, 2020.

**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. COMMITTEES OF THE BOARD**

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board has constituted the following Committees viz, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and the Stakeholders' Relationship Committee. Each of the said Committee has been mandated to operate within a given framework. The Board Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall management of day to day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting.

The Board currently has the following Committees:

#### **I. AUDIT COMMITTEE**

The audit committee of the Company is constituted in line with the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The present strength of the Audit Committee is three as on 31.03.2021. Shri Balmukund Dakhera, Chartered Accountant, is the Chairman of the Audit Committee of the Company. All the members of the Audit Committee are independent and non-executive directors. The recommendations of audit committee were duly accepted by the Board of Directors. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company.

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

The Audit committee consisted of the following members as on March 31, 2021:

S. No.	Name of Members	Status	No. of Meetings Attended
1	Shri Balmukund Dakhera	Chairman	4
2	Shri Vijay Gupta	Member	4
3	Ms. Veena Chadha	Member	4

During the financial year ended March 31, 2021, four Audit Committee Meetings were held on; June 22, 2020; August 1, 2020; November 2, 2020 and February 2, 2021.

The gap between two meetings did not exceed one hundred and twenty days.

(a) **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 and Disclosure Requirements) Regulations, 2015 and section 177 of the Companies Act, 2013.

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

(c) **Secretary to the Committee:** Shri Kamlesh Joshi, Company Secretary & General Manager of the Company, acts as the Secretary of the Committee as required by 18 (1) (e) of listing regulations.

#### **II. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013. The present strength of the Nomination & Remuneration Committee is three as on 31.03.2021. 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. The Chairman of the Nomination & Remuneration was present at the Annual General Meeting of the Company.

##### **(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, 2021:

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	Member	2

During the financial year ended March 31, 2021, two Nomination & Remuneration Committee Meeting was held on June 22, 2020 and February 2, 2021.

(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.

### Board Policy:

1. All the recommendation should adhere to applicable statutory provisions.
2. The Committee should give uncompromising high weightage to moral /social/financial integrity of any existing/proposed directors/employees.
3. The Committee shall decide its own way of working to interface the Organization.
4. 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.

### Remuneration of Directors:

- (a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2020-2021.
- (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 the Executive Directors for the financial year 2020-21. (Rs. in lacs)

Name	Designation	Salary	Commission/Sitting Fees	Perks & Allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	132.00	-	59.98	191.98	3 years
Shri Utsav Khaitan	Joint Managing Director	60.00	-	42.54	102.54	3 years*
Shri Jagdish Lal Jajoo	Whole Time Director	12.00	-	2.00	14.00	5 years

\* The Board of Directors of the Company had appointed Shri Utsav Khaitan as Joint Managing Director of the Company in its meeting held on February 2, 2021

### (d) Details of remuneration paid to non-executive Director for the financial year 2020-21:

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 2020-2021 are given below:

S. No.	Name of Directors	Sitting Fees (in Rs.)	No. of Shares Hold
1	Shri Vijay Gupta	1,50,000	80
2	Shri Balmukund Dakhera	1,50,000	Nil
3	Ms. Veena Chadha	1,50,000	Nil



### III. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

The Board has constituted a Stakeholder's Relationship Committee consisting of Four members as on 31.03.2021, chaired by Shri Vijay Gupta, an Independent, Non-executive Director, Ms. Veena Chadha, an Independent Women Director, Shri Balmukund Dakhera, an Independent, Non-executive Director and 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 Attended
1	Shri Vijay Gupta	Chairman, Independent, Non-executive	4
2	Ms. Veena Chadha	Member, Independent, Non-executive	4
3	Shri Balmukund Dakhera	Member, Independent, Non-executive	4
4	Shri Kamlesh Joshi	Member /Compliance Officer, Executive	4

During the financial year ended March 31, 2021 Four Stakeholder's Relationship Committee Meetings were held on; June 22, 2020; August 1, 2020; November 2, 2020 and February 2, 2021.

#### (b) QUORUM: Two Members.

#### (c) STATUS OF SHAREHOLDERS' GRIEVANCE: During the year 2020-21, the Company has received 44 grievances and has resolved the same according to the satisfaction of shareholders within prescribed time. There are no pending grievance as on 31.03.2021

**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

### IV. 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 composition of CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. 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	Member, Joint Managing Director	1
3.	Shri Vijay Gupta	Member, Independent, Non-executive	1
4.	Shri Balmukund Dakhera	Member, Independent, Non-executive	1
5.	Ms. Veena Chadha	Member, Independent, Non-executive	1

During the financial year ended March 31, 2021, one meeting of Corporate Social Responsibility Committee was held on August 1, 2020.

#### (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.

#### 4. INDEPENDENT DIRECTOR'S MEETING:

During the year under review, the Independent Directors met on February 2, 2021, 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.

## 5. 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
36	2017-2018	Registered office of the Company	August 9, 2018	3:00 P.M.	No
37	2018-2019	Registered office of the Company	August 9, 2019	3:00 P.M.	Yes**
38	2019-2020	Convened through VC/OAVM	August 7, 2020	1:00 P.M.	Yes*

\*Special Resolution passed in 38<sup>th</sup> AGM

Re-appointment of Shri Jagdish Lal Jajoo as a Whole Time Director (DIN: 02758763).

\*\*Special Resolutions passed in 37<sup>th</sup> AGM

1. Re-appointment of Shri Shailesh Khaitan as the Chairman & Managing Director (DIN:00041247)
2. Re-appointment of Shri Utsav Khaitan as a Whole Time Director (DIN:03021454)
3. Re-appointment of Shri Vijay Gupta as an Independent Director (DIN:03511193)
4. Re-appointment of Shri Balmukund Dakhera as an Independent Director (DIN:05105269)
5. Re-appointment of Ms. Veena Chadha as an Independent Director (DIN:06886533)

## 6. MEANS OF COMMUNICATION:

1. 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.
2. 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/ half-yearly/ annual financial results and other media releases are being displayed on the Company's website.
3. 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 and Disclosure Requirements) Regulations, 2015 and are published in the following news papers, namely, Free Press/Economic Times (English) and Chautha Sansar (Hindi).

## 7. GENERAL SHAREHOLDER INFORMATION:

### (a) Annual General Meeting:

The 39<sup>th</sup> Annual General Meeting of the Company will be held on Wednesday, the 7<sup>th</sup> day of July, 2021 at 1.00 p.m. The Company is conducting AGM through VC/OAVM in compliance with the applicable provisions of the Companies Act, 2013 and MCA General Circular No. 14/2020, dated 8<sup>th</sup> April, 2020, MCA General Circular No. 17/2020, dated 13<sup>th</sup> April, 2020, MCA General Circular No. 20/2020, dated 5<sup>th</sup> May, 2020 and MCA General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021 as such there is no requirement to have a venue for the AGM.

### (b) Financial Calendar for the Financial Year 2021-22:

- |   |   |                                |
|---|---|--------------------------------|
| • Financial reporting for the quarter ending June 30, 2021        | : | On or before August 14, 2021   |
| • Financial reporting for the half year ending September 30, 2021 | : | On or before November 14, 2021 |
| • Financial reporting for the quarter ending December 31, 2021    | : | On or before February 14, 2022 |
| • Financial reporting for the year ending March 31, 2022          | : | On or before May 30, 2022      |

### (c) Dividend Payment:

Dividend, if declared will be paid on or after Monday, 12<sup>th</sup> day of July, 2021

### (d) Unclaimed Dividend/ Shares:

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the company to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of section 125. The Company has sent intimation to all such shareholders who have not claimed their dividend for seven consecutive years. The details of unclaimed/unpaid dividend are also available on the website of the Company viz. [www.khaitanchemfert.com](http://www.khaitanchemfert.com).

The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2012-13 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013

### (e) Listing of Shares:

The Shares of the Company are listed on The BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and on National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai- 400 001. The Company has paid Annual Listing and Custodial Fees to the Stock Exchanges and Depositories for the year 2021-2022.

- f) **BSE Stock Code** : 507794  
**NSE Symbol** : KHAICHEM

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

### (h) Market Price Data and Comparison with SENSEX:

Month wise High, Low and Trading Volumes of the Company's Equity Shares during the Financial Year 2020-2021 at BSE and NSE alongwith comparison with BSE Sensex and NSE Nifty are given below:

## BSE Limited

Month	Monthly High (in Rs.)	Monthly Low (in Rs.)	No. of Shares Traded	SENSEX Monthly High	SENSEX Monthly Low
April, 2020	8.30	5.13	4,00,332	39,487.45	38,460.25
May, 2020	7.89	6.10	3,01,112	40,124.96	36,956.10
June, 2020	13.09	6.77	25,50,238	40,312.07	38,870.96
July, 2020	18.16	11.31	31,15,188	40,032.41	37,128.26
August, 2020	20.45	17.10	25,16,662	37,807.55	36,102.35
September, 2020	19.65	17.15	16,96,308	39,441.12	35,987.80
October, 2020	24.20	17.10	16,56,847	40,392.22	37,415.83
November, 2020	25.20	17.85	12,83,649	41,163.79	40,014.23
December, 2020	30.00	20.20	21,68,060	41,809.96	40,135.37
January, 2021	30.85	25.40	13,52,514	42,273.87	40,476.55
February, 2021	29.50	20.40	31,31,191	41,709.30	38,219.97
March, 2021	27.75	20.60	21,55,066	39,083.17	25,638.90

## National Stock Exchange of India Limited\*

Month	Monthly High (in Rs.)	Monthly Low (in Rs.)	No. of Shares Traded	NIFTY Monthly High	NIFTY Monthly Low
April, 2020	NA	NA	NA	9,889.05	8,055.80
May, 2020	NA	NA	NA	9,598.85	8,806.75
June, 2020	NA	NA	NA	10,553.15	9,544.35
July, 2020	NA	NA	NA	11,341.40	10,299.60
August, 2020	NA	NA	NA	11,794.25	10,882.25
September, 2020	NA	NA	NA	11,618.10	10,790.20
October, 2020	24.30	22.50	1,94,552	12,025.45	11,347.05
November, 2020	26.20	18.00	84,00,643	13,145.85	11,557.40
December, 2020	30.00	20.20	1,38,31,416	14,024.85	12,962.80
January, 2021	30.90	25.20	62,89,096	14,753.55	13,596.75
February, 2021	29.40	20.35	72,97,642	15,431.75	13,661.75
March, 2021	27.90	20.50	53,81,865	15,336.30	14,264.40

\*The Shares of the Company had listed at National Stock Exchange of India Limited (NSE) w.e.f. October 30, 2020.

**(i) Registrar & Share Transfer Agent:**

M/s Ankit Consultancy Pvt. Ltd.  
60, Electronic Complex, Pardeshipura, Indore (M.P.) 452010,  
Tel.: 0731-2551745-46, 4281333 Fax: 0731-4065798,  
E-mail: operation@ankitonline.com

**(j) 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.

**(k) Distribution of shareholding as on March 31, 2021:**

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 1000	21564	90.89	5090723	5.25
1001 to 2000	1080	4.55	1739265	1.79
2001 to 3000	338	1.42	888812	0.92
3001 to 4000	163	0.69	592253	0.61
4001 to 5000	161	0.68	769092	0.79
5001 to 10000	237	1.00	1809760	1.87
10001 and above	183	0.77	86099295	88.77
<b>Grand Total</b>	<b>23726</b>	<b>100.00</b>	<b>96989200</b>	<b>100.00</b>

## Categories of Shareholders as on March 31, 2021 :

Category	No. of shares Held	% of Shareholding
Promoters	72736169	74.99
Financial Institutions, Mutual Fund and Banks	6616	0.01
Private Corporate Bodies	819491	0.85
Non-residents /OCBs	759978	0.78
Indian Public	22666946	23.37
<b>Total</b>	<b>96989200</b>	<b>100.00</b>

(l) **Dematerialisation of Shares and liquidity:** Trading in Khaitan Chemicals and 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, 2021, **9,54,58,171** equity shares of the Company, which amount to **98.42%** 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.**

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

(n) **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.)-451569
  2. Village Goramachia, Jhansi-Kanpur Road, Jhansi (U.P.)-248 001
  3. Village Dhinva, Tehsil Nimbahera, Dist. Chittorgarh -312601 (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

(o) **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 and Fertilizers Limited

L24219MP1982PLC004937

Apollo Arcade, 3<sup>rd</sup> Floor, 1/2, Old Palasia, Indore-452 018.

Tel. No. 0731-4753666, 4237926 Fax No. 0731-4753655

Email- [kamleshjoshi@kcfl.in](mailto:kamleshjoshi@kcfl.in)

[secretarial@kcfl.in](mailto:secretarial@kcfl.in)

(p) **Date of Book Closure:**

Thursday, the 1<sup>st</sup> day of July, 2021 to Wednesday, the 7<sup>th</sup> day of July, 2021 (both days inclusive) for Annual general Meeting/payment of Dividend.

## 8. OTHER 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.
- 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 and 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/201604/Policy-on-materiality-of-RPT-KCFL>. The Company has also formed Related Party Transactions Policy and the web link 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.

## 9. 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-para 2 to 12 above.

## 10. 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 and 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.

## 11. 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 AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.



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

As required by Regulation 26 (3), Regulation 34(3) read with Schedule V (D) of the SEBI (Listing Obligations and 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: New Delhi  
Date: 12.05.2021

(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 and Fertilizers Limited

- We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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.
- 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.
- 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.
- We have indicated to the Auditors and the Audit committee:
  - significant changes in internal control over financial reporting during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 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: New Delhi  
Date: 12.05.2021

**Shailesh Khaitan**  
(Chairman & Managing Director)  
DIN : 00041247

**Harsh Vardhan Agnihotri**  
(President & Chief Financial Officer)  
PAN No. : AEXPA9315K  
Place : Indore

**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 01.04.2020	Nil	Nil
Shareholders who approached during the year for transfer of shares (including Those Shareholders whose shares transferred to IEPF Account)	Nil	Nil
Shareholders to whom shares are transferred during the year (including Those Shareholders whose shares transferred to IEPF Account)	Nil	Nil
Detail of shareholders as on 31.03.2021	Nil	Nil

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

Place: New Delhi  
Date: 12.05.2021

(SHAILESH KHAITAN)  
CHAIRMAN & MANAGING DIRECTOR  
DIN : 00041247

**COMPLIANCE CERTIFICATE**

(Regulation 34(3) and Schedule V Para E SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015)

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

We have examined the compliance of conditions of Corporate Governance by Khaitan Chemicals and Fertilizers Limited, for the year ended March 31, 2021, as stipulated in Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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) Regulations, 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**

**Ritesh Gupta**  
**CP:3764, FCS:5200**  
**UDIN- F005200C000287416**

**Place: Indore**  
**Date :12.05.2021**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(As per Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015)

To,  
The Members,  
**Khaitan Chemicals and Fertilizers Limited**  
A.B. Road, Village- Nimrani,  
Khargone (MP) 451569

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Khaitan Chemicals and Fertilizers Limited having CIN L24219MP1982PLC004937 and having registered office at A.B. Road, Village-Nimrani, Dist.- Khargone (MP) 451569 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S.No.	Name of Director	DIN	Date of Appointment
1.	Shailesh Khaitan	00041247	01/04/2019
2.	Jagdishlal Chunilal Jajoo	02758763	15/11/2019
3.	Utsav Khaitan	03021454	01/02/2021
4.	Vijay Gupta	03511193	01/04/2019
5.	Balmukund Dakhera	05105269	01/04/2019
6.	Veena Chadha	06886533	07/08/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**for Ritesh Gupta & Co.**  
**Company Secretaries**

**Ritesh Gupta**  
**CP:3764, FCS:5200**  
**UDIN- F005200C000287427**

**Place: Indore**  
**Date : 12.05.2021**

## Secretarial Audit Report

Annexure - 'D'

FORM MR-3

### SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2021

To,

The Members,

M/s. Khaitan Chemicals and Fertilizers Limited

A.B. Road, Village- Nimrani, Dist. Khargone (MP)- 451569

I have conducted the secretarial audit of compliances of applicable statutory provisions and the adherence to good corporate practices by Khaitan Chemicals and Fertilizers Limited (CIN:L24219MP1982PLC004937) (hereinafter called 'The Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) The Company has identified and confirmed the following law as being applicable specifically to the Company:
  - (a) Fertilizer (Control) Order, 1985;
  - (b) The Explosive Act, 1884;
  - (c) Trademarks Act, 1999
  - (d) The Legal Metrology Act, 2009

I have relied on the representation made by the Company and its officers for the system and processes formed by the Company to monitor and ensure compliances under the other applicable laws specifically applicable to the Company.

- (vii) I have also examined compliance with the applicable clauses of the following:-
  - i. Secretarial Standards-1 pertaining to Board Meetings, Secretarial Standards-2 pertaining to General Meetings, issued by the Institute of Company Secretaries of India.
  - ii. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 as amended time to time.

I report that the equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited and following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report-

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- e) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998.

I further report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned, above subject to the following observations:

1. The provisions, regulations and guidelines prescribed under Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings were not applicable to the Company during the financial year under report.

I further report that based on the information, representation and reports provided by the

Company, its Board of Directors, its designated Officers, and authorized representatives during the conduct of audit and also review on quarterly compliance report submitted by the department heads and taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules and Regulations, Guidelines and happening of events etc. to the Company.

I further report that the compliances of applicable financial, cost and tax laws has not been reviewed in this audit since the same have been subject to review by statutory financial auditor and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings and Committee Meetings. Agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried through. The dissenting members' views, if any, were captured and recorded as part of the minutes.

I further report that, adequate systems and processes and control mechanism exist in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules and regulations, guidelines.

I further report that, following event occurred during the audit period having a major bearing on the affairs of the Company:

- Equity shares of the Company which were earlier listed only with the BSE Limited also be listed with the National Stock Exchange of India Limited w.e.f. 30th October, 2020.

For Ritesh Gupta & Co.  
Company Secretaries

Ritesh Gupta

CP:3764,FCS:5200

UDIN- F005200C000287372

Date: 12.05.2021

Place: Indore

Note: This report to be read with my letter of even date which is annexed as 'Annexure-A' and forms part of this report.

### Annexure A to the Secretarial Audit Report

To,

The Members,

Khaitan Chemicals and Fertilizers Limited

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record and other stationery record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practice and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same have been subject to review by statutory financial auditor, Cost auditor and other designated professionals.
4. The compliances of subsidiaries, associates companies not been reviewed in this audit since the same have been subject to review by other designated professionals.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
7. We do not take any responsibility for any person if taking any commercial, financial or investment decision based on our secretarial audit report as aforesaid and they needs to take independent advice or decision as per their own satisfaction.
8. The Secretarial Audit report is neither an assurance as to the future liability of the Company nor of the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For Ritesh Gupta & Co.  
Company Secretaries

Ritesh Gupta

CP:3764,FCS:5200

UDIN- F005200C000287372

Date: 12.05.2021

Place: Indore

### 1. A brief outline on CSR Policy of the Company

The Khaitan Chemicals and Fertilizers Group is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service oriented philanthropic institutions in the field of education and healthcare as the core focus areas. Khaitan Chemicals and Fertilizers Limited upholds the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. We believe that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. Therefore, our philanthropic endeavors are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society.

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of Meeting of CSR Committee held during the year	Number of Meeting of CSR Committee attended during the year
1	Shri Jagdish Lal Jajoo	Chairman / Whole Time Director	1	1
2	Shri Utsav Khaitan	Member/ Joint Managing Director	1	1
3	Shri Balmukund Dakhera	Member/ Independent Director	1	1
4	Shri Vijay Gupta	Member/ Independent Director	1	1
5	Ms. Veena Chadha	Member/ Independent Director	1	1

### 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

<http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>

### 4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.:

NA

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for Set-off from preceding financial years (in Rs.)	Amount required to be Set-off from preceding financial years (in Rs.)
1	NA	Nil	Nil

### 6. Average Net Profit of the Company as per section 135 (5):

Net Profit/(loss) : Rs 1219.15 Lacs

7. (a) Two percent of average net profit of the company as per section 135(5) : **Rs. 24.38 Lacs**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
- (c) Amount required to be set off for the financial year, if any: **Nil**
- (d) Total CSR obligation for the financial year (7a+7b-7c): **Rs. 24.38 Lacs**

### 8. a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.) : Nil				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
25.23 Lacs	Nil	NA	NA	NA	NA

### b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the Project	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial year (in Rs.)	Amount Transferred to Unspent CSR Account for the Project as per Section 135 (6) (in Rs.)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through implementing Agency
			State	District						Name and CSR Reg. No.
1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Total									

### c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the Project	Amount spent for the Project (in Rs.)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through implementing agency.
			State	District			Name and CSR Registration Number
1.	Contribution: PM CARES FUND	Schedule- VII Item No.-(viii) (Contribution to PM CARES fund)	Yes	NA	NA	Rs. 2 Lacs	Yes
2.	Rural Development Projects: Crematorium Shed	Schedule- VII Item No.-(x) Rural Development	Yes	Rajasthan	Chittorgarh	Rs. 9.88 Lacs	Yes
3.	Promote Rural Sports : Football Play Ground	Schedule- VII Item No.-(vii) Promote Rural Sports	Yes	Rajasthan	Chittorgarh	Rs. 7.51 Lacs	Yes
4.	Rural Development Projects: Bridge/ Culvert	Schedule- VII Item No.-(x) Rural Development	Yes	Rajasthan	Chittorgarh	Rs. 5.84 Lacs	Yes
	Total					Rs. 25.23 Lacs	

### d) Amount spent in Administrative Overheads.: Nil

### e) Amount spent on Impact Assessment, if applicable.: NA

### f) Total amount spent for the Financial Year (8b+8c+8d+8e):Rs. 25.23 Lacs

### g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 24.38 Lacs
(ii)	Total amount spent for the Financial Year	Rs. 25.23 Lacs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs. 0.85 Lacs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil



**9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL**

Sl. No.	Preceding Financial Year	Amount transferred to unspent CSR Account under Section 135(6) (in Rs.)	Amount spent in the Reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), If any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of The Fund	Amount (in Rs.)	Date of Transfer	
1.	NA	NA	NA	NA	NA	NA	NA
	TOTAL						

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the Project was commenced	Project duration	Total amount allocated for the Project (In Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the Project - Completed/ Ongoing
1.	NA	NA	NA	NA	NA	NA	NA	NA
	TOTAL							

**Form No. AOC-2**

(As per "the Act" and rule made thereunder)

**Annexure - 'F'**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the "the Act" including certain arms length transactions under third proviso thereto**

**1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:**

- Name(s) of the related party and nature of relationship - NA
- Nature of contracts/arrangements/transactions - NA
- Duration of the contracts / arrangements/transactions- NA
- Salient terms of the contracts or arrangements or transactions including the value, if any: - NA
- Date(s) of approval by the Board, if any: - NA
- Amount paid as advances, if any: - NA

**2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:**

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions:

S. No.	Name of Related Parties	Nature of Relationship	Nature of Transaction
1	Shradha Projects Ltd.	A public Company in which Shri Shailesh Khaitan is a Director.	Immovable property has been taken on rent by the Company 01.04.2020 to 31.03.2025 and Unsecured Loan has been also taken by the Company.
2	B O Construction Private Limited	A Private Company in which Shri Shailesh Khaitan is a Director.	Immovable property has been taken on rent by the Company 01.04.2018 to 31.03.2021.
3	Arati Marketing Private Limited	A Private Company in which Shri Shailesh Khaitan is a Shareholder.	Unsecured Loan has been taken by the Company.
4	Accord Infra Properties Private Limited	A Private Company in which Shri Shailesh Khaitan is a Shareholder.	Unsecured Loan has been taken by the Company.
5	Lilac Properties Private Limited	A Private Company in which Shri Shailesh Khaitan is a Shareholder.	Unsecured Loan has been taken by the Company.
6	Shradha Technopack Private Limited	A Private Company in which Shri Shailesh Khaitan is a Shareholder.	Unsecured Loan has been taken by the Company.

**Note: The detailed information forms part of Notes to Financial Statements in Note No. 25 (AS-18).**

**(c) Salient terms of the contracts or arrangements or transactions including the value, if any**

Terms of the contract conform to the prevailing market rates and all the care has been taken to ensure reasonability of prices as compared to the prevailing rates in the market better quality products and timely supplies.

**(d) Justification for entering into such contracts or arrangements or transactions**

It is ensured that the contract with the Contracting party is advantageous to the Company and its shareholders. The Company intends to ensure following aspects by dealing with contracting parties:

**(e) date(s) of approval by the Board: all the quarterly meetings held during the Financial Year 2020-21.**

**(f) Amount paid as advances, if any: NIL**

**(g) Date on which the ordinary resolution was passed in general meeting as required under first proviso to section 188: N.A.**

**3. The details of all related party transactions as per Accounting Standard 18 have been disclosed in Notes to Accounts of Financial Statement.**

(SHAILESH KHAITAN)  
CHAIRMAN & MANAGING DIRECTOR  
DIN : 00041247

Place: New Delhi  
Date : 12.05.2021

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## EXTRACT OF ANNUAL RETURN

Annexure - 'G'

As on The Financial Year Ended on 31.03.2021

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT-9

### I. REGISTRATION & OTHER DETAILS :

1	CIN	L24219MP1982PLC004937
2	Registration Date	02.06.1982
3	Name of the Company	Khaitan Chemicals and Fertilizers Limited
4	Category/Sub-Category of the Company	Public Company Limited By Shares
5	Address of the Registered office and contact details	A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.) Tel. -07285-2654448/47, Fax -07285-265449 Email : <a href="mailto:secretarial@kcfl.in">secretarial@kcfl.in</a>
6	Whether Listed Company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent if any	Ankit Consultancy Pvt. Ltd , Plot No. 60, Electronic Complex, Pardeshipura, Indore- 452001 (M.P.) Tel. No. 0731-2551745/4281333, Fax -0731- 4065798 Email : <a href="mailto:operation@ankitonline.com">operation@ankitonline.com</a>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of Main products/Services	NIC Code of the Product / Service	% to total turnover of the company
1	Manufacture of Straight Inorganic Fertilizers. (Single Super Phosphate)	3011	82.87
2	Manufacture of Nitric Acid, Ammonia, Commercial Ammonium Chloride, Nitrates of Potassium and Other Basic Chemicals of Nitrogenous Fertilizer Industry. (Sulphuric Acid)	3001	12.06

### III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### A) Category-wise Share Holding

Category of Shareholders	No. of. Shares held at the beginning of the year				No. of. Shares held at the end of the year				% Change during the year
	Demat	Physical	Total Share	% of Total Share	Demat	Physical	Total Share	% of Total Share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4923219	-	4923219	5.08	4923219	-	4923219	5.08	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	67812950	-	67812950	69.92	67812950	-	67812950	69.92	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	<b>72736169</b>	<b>-</b>	<b>72736169</b>	<b>74.99</b>	<b>72736169</b>	<b>-</b>	<b>72736169</b>	<b>74.99</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoters(A)=(A)(1)+(A)(2)</b>	<b>72736169</b>	<b>-</b>	<b>72736169</b>	<b>74.99</b>	<b>72736169</b>	<b>-</b>	<b>72736169</b>	<b>74.99</b>	<b>0.00</b>



<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	4660	-	4660	0.00	4660	-	4660	0.00	-
b) Financial Institutions/ Banks	1026	1730	2756	0.00	226	1730	1956	0.00	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>5686</b>	<b>1730</b>	<b>7416</b>	<b>0.01</b>	<b>4886</b>	<b>1730</b>	<b>6616</b>	<b>0.01</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	3545514	11710	3557224	3.67	3762595	9960	3772555	3.88	0.21
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
I) Individual shareholders holding nominal share capital upto Rs. 2 lakh	13403002	1704649	15107651	15.58	12996656	1494569	14491225	14.95	(0.63)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	5126723	-	5126723	5.29	5024787	-	5024787	5.18	(0.11)
c) Others (specify)									
NRI/OCB	400696	29550	430216	0.44	735208	24770	759978	0.78	0.34
Clearing Members	23801	-	23801	0.02	197870	-	197870	0.20	0.18
<b>Sub-total (B)(2):-</b>	<b>22499736</b>	<b>1745909</b>	<b>24245615</b>	<b>25.00</b>	<b>22717116</b>	<b>1529299</b>	<b>24246415</b>	<b>25.00</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>22505422</b>	<b>1747639</b>	<b>24253031</b>	<b>25.01</b>	<b>22722002</b>	<b>1531029</b>	<b>24253031</b>	<b>25.01</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>95241591</b>	<b>1747639</b>	<b>96989200</b>	<b>100.00</b>	<b>95458171</b>	<b>1531029</b>	<b>96989200</b>	<b>100.00</b>	<b>0.00</b>

## B) Shareholding of Promoters -

S. No	Shareholder's Name	Shareholding at the beginning of the year			No. of. Shares held at the end of the year			% Change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged encumbered to total shares	
1	S.K. Khaitan (HUF)	7920	0.01	0.00	7920	0.01	0.00	0.00
2	Shailesh Khaitan	3571910	3.68	2.06	3571910	3.68	2.06	0.00
3	Shradha Projects Limited	45763640	47.18	39.18	45763640	47.18	39.18	0.00
4	Swapna Khaitan	1329950	1.37	0.00	1329950	1.37	0.00	0.00
5	The Majestic Packaging Co. Pvt. Ltd.	22049310	22.73	0.00	22049310	22.73	0.00	0.00
6	Utsav Khaitan	13439	0.01	0.00	13439	0.01	0.00	0.00
	<b>Total</b>	<b>72736169</b>	<b>74.99</b>	<b>41.24</b>	<b>72736169</b>	<b>74.99</b>	<b>41.24</b>	<b>0.00</b>

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

S. No	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
I	At the beginning of the year <b>01/04/2020</b>	72736169	74.99	72736169	74.99
II	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): <b>No Change</b>	-	-	-	-
III	At the End of the year <b>31/03/2021</b>	72736169	74.99	72736169	74.99

**D) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01.04.2020		Shareholding at the end of the year 31.03.2021	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Koushik Sekhar	3625417	3.74	3699897	3.81
2	Investor Education and Protection Fund	2721772	2.80	2953064	3.04
3	InduTibrewala	376842	0.39	814392	0.84
4	Geeta Prakash Koushik Sekhar	234048	0.24	277761	0.29
5	Shivasaran Enterprises and advisory LLP	208624	0.21	240646	0.25
6	Jyotsna Prakash Bhojraj	232737	0.24	232737	0.24
7	Poonam Mohandas Mahtani	180000	0.19	190000	0.20
8	Harsh Vardhan Agnihotri	161670	0.17	161670	0.17
9	Debasis Basu	157311	0.16	157311	0.16
10	Suresh Muthulingam	-	-	150000	0.15
11	Ashish Subhashchandra Jandial	-	-	124111	0.13
12	Rupesh Shantilal Jobanputra	195000	0.20	122100	0.13
13	Alok Lodha	137820	0.14	110200	0.11
14	Amola Vinod Jhaveri	106000	0.11	90000	0.09
15	Vijaya S	622466	0.64	-	-
16	Premal Jogendra Thakker	174944	0.18	-	-
17	Jogendra Chandrakant Thakker	148788	0.15	-	-

**E) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year 01.04.2020		Shareholding at the end of the year 31.03.2021	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Shri Shailesh Khaitan	3571910	3.68	3571910	3.68
2	Shri Harsh Vardhan Agnihotri	161670	0.17	161670	0.17
3	Shri Utsav Khaitan	13439	0.01	13439	0.01
4	S.K. Khaitan (HUF)	7920	0.01	7920	0.01
5	Shri Kamlesh Joshi	400	0.00	400	0.00
6	Shri Jagdish Lal Jajoo	240	0.00	240	0.00
7	Shri Vijay Gupta	80	0.00	80	0.00



## IV. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,225,380,358	162,100,000	-	1,387,480,358
ii) Interest due but not paid	5,708,991	3,396,263	-	9,105,254
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,231,089,349</b>	<b>165,496,263</b>	<b>-</b>	<b>1,396,585,612</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	607,055,886	3,396,263	-	610,452,149
<b>Net Change</b>	<b>607,055,886</b>	<b>3,396,263</b>	<b>-</b>	<b>610,452,149</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	623,012,802	162,100,000	-	785,112,802
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,020,661	-	-	-
<b>Total (i+ii+iii)</b>	<b>624,033,463</b>	<b>162,100,000</b>	<b>-</b>	<b>785,112,802</b>

## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD /Manager			Total Amounts
		Shri Shailesh Khaitan	Shri Utsav Khaitan	Shri Jagdish Lal Jajoo	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,32,00,000/-	60,00,000/-	12,00,000/-	2,04,00,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	59,98,300/-	42,54,475/-	2,00,000/-	1,04,52,775/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission- as % of profit- others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>1,91,98,300/-</b>	<b>1,02,54,475/-</b>	<b>14,00,000/-</b>	<b>3,08,52,775/-</b>
	Ceiling as per the Act	As per the Companies Act, 2013 read with Schedule V and rules made thereunder			

### B. Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors			Total Amounts
		Shri Balmukund Dakhara	Shri Vijay Gupta	Ms. Veena Chadha	
1	<b>Independent Directors</b>				
	Fee for attending board committee meetings	1,50,000/-	1,50,000/-	1,50,000/-	4,50,000/-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>1,50,000/-</b>	<b>1,50,000/-</b>	<b>1,50,000/-</b>	<b>4,50,000/-</b>
2	<b>Other Non-Executive Directors</b>				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration Total (B)=(1+2)</b>	<b>1,50,000/-</b>	<b>1,50,000/-</b>	<b>1,50,000/-</b>	<b>4,50,000/-</b>
	Overall Ceiling as per the Act				

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total Amounts
		Shri Harsh Vardhan Agnihotri (CFO)	Shri Kamlesh Joshi (Company Secretary)	
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,42,400/-	7,45,350/-	30,87,750/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,51,254/-	6,64,117/-	12,15,371/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>28,93,654/-</b>	<b>14,09,467/-</b>	<b>43,04,121/-</b>

## VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment /compounding fees imposed	Authority (RD) NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICER DEFAULT					
Penalty			None		
Punishment					
Compounding					

**Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

**Annexure - 'H'**

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of Director	Designation	Ratio to Median Remuneration of the Employees
Shri Shailesh Khaitan	Chairman & Managing Director	98.87
Shri Utsav Khaitan	Joint Managing Director	52.81
Shri Jagdish Lal Jajoo	Whole Time Director	7.21

- ii. The % increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name of Managerial Personnel	Designation	% increase in remuneration
Shri Shailesh Khaitan	Chairman & Managing Director	9.47%
Shri Utsav Khaitan	Joint Managing Director	46.49%
Shri Jagdish Lal Jajoo	Whole Time Director	*(50.73)%
Shri Harsh Vardhan Agnihotri	President & Chief Financial Officer	*(38.31)%
Shri Kamlesh Joshi	Company Secretary & General Manager	3.63%

\* Decreased due to arrears received by them in the previous year.

- iii. The % increase in the median remuneration of employees in the financial year : \*(5.02)%

\*During the year 78 additional employees/workers have been recruited by the Company, hence the median remuneration appears in minus, in totality the salary of the employees has increased.

- iv. The number of permanent employees on the rolls of the Company : 634

- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

S. No.	Other Employee	Managerial Personnel
1	(4.4)%*	5.16%

\*During the year 78 additional employees/workers have been recruited by the Company, hence the median remuneration appears in minus, in totality the salary of the employees has increased. These increases are a function of the Company's market competitiveness within its comparator group as ascertained through the detailed salary benchmarking survey the Company undertakes annually. The increase during the year reflects the Company's reward philosophy as well as the results of the benchmarking exercise

- vi. It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

## INDEPENDENT AUDITOR'S REPORT

To

### The Members of Khaitan Chemicals and Fertilizers Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Khaitan Chemicals and Fertilizers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, thereof ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Emphasis of Matter

We draw attention to Note 51 to the financial statement, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Further, our attendance at the physical inventory verification done by the management was impracticable under the current lock-down restrictions imposed by the Government and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end.

Our opinion is not modified in respect of these matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditors Response
1.	<p><b>Recoverability position of trade receivables for newly explored markets.</b></p> <p>The company has material trade receivables amounting to Rs. 1132.39 lakhs outstanding from more than one year.</p> <p>In past, the company has explored certain market against which recovery from trade receivables are still outstanding. Also, recovery is dependent on adequacy of monsoon.</p> <p>As explained by the management that the establishing of a newly explored market takes time and in past monsoon was not adequate.</p> <p>As per the prevailing policy the company has made the adequate provision for expected credit loss.</p> <p>Management has represented that the money will be realised, in due course.</p>	<p><u>Principal Audit Procedures</u></p> <p>Our procedures on the management's assessment of exploring the new markets and realisation of trade receivables included:</p> <ul style="list-style-type: none"> <li>Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls;</li> <li>Gaining an understanding of the procedure adopted in exploring the market;</li> <li>Obtaining sufficient audit evidence of receipts subsequent to the year end from the customers.</li> <li>Assessed management's assumptions used to analyse the recover ability of trade receivables,</li> <li>Through analyses of ageing of receivables, assessment of significant overdue trade receivables and the provision for impairment of credit receivable as made by the company.</li> </ul> <p>Based on the management estimate, representation received, and the audit procedure applied in respect of new market, we consider the management's assessment as reasonable.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibilities for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, thereof.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements;
  - b) In our opinion, proper books of account as required by law have

been kept by the Company so far as it appears from our examination of those books;

- c) The balance sheet, the statement of profit and loss including other comprehensive income, statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the relevant books of account;
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) relevant Rules, 2015, as amended, thereof;
- e) On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its financial statements – Refer Note 37 to the financial statements;
  - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts; and
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

**For NSBP & Co.**  
**Chartered Accountants**  
**Firm's Registration No. 001075N**

Place: New Delhi  
 Date: May 12, 2021

**Deepak K. Aggarwal**  
 Partner  
 (Membership No. 095541)  
 UDIN-21095541AAEE8540

## "ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

**To the Members of Khaitan Chemicals and Fertilizers Limited on its financial statements dated May 12, 2021**

**Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section**

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management according to the programme of periodical verification in phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies, if any, noticed on such physical

verification have been properly dealt with in the books of accounts.

- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in the note 4 on Property, plant and equipment to the financial statements, are held in the name of the company except in the following cases where title deeds/lease agreement are not held in the name of the Company (Refer sub-clause (b) & (c) of Note 4)

Nature of Immovable Properties	No. of Properties	Gross Carrying Value (Rs. In Lakhs)	Net Carrying Value (Rs. In Lakhs)
Freehold Land	2	57.47	57.47
Leasehold Land	1	24.86	15.38
<b>Total</b>	<b>3</b>	<b>82.33</b>	<b>72.85</b>



- ii. 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, the discrepancies noticed on physical verification of the inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, the paragraph 3(iii)(a) to (c) of the Order is not applicable to the Company.
- iv. As per the information and explanation given to us and on the basis of our examination of the records, the company has complied with provision of section 185 and 186 of the Act, with respect to the loans and investment made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to the Company.
- vi. We have broadly reviewed the books of accounts maintained in pursuance to sub section (1) of Section 148 of the Act in respect of single super phosphate fertilizers, 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. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing its undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable, with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of excise, service tax and goods and service tax which have not been deposited on account of any dispute, except the following dues of income tax, sales-tax, duty of customs, value added tax and cess along with the forum where the dispute is pending as follows:
- viii. According to the information and explanations given to us and as per the books and records examined by us, in our opinion, the company has not defaulted in repayment of loans or borrowings to a financial institution and banks. The Company has not taken any loans from debenture holders and Government.
- ix. In our opinion and on the basis of information and explanations given to us, the company has not raised any monies by way of initial public offer or further public offer (including debt instruments) during the financial year, and the term loan raised by the Company have been applied for the purpose for which they were obtained. Where such end use has been stipulated by the lender(s).
- x. During the course 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 any instance of fraud on or by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- xii. The company is not a Nidhi company, hence the related reporting requirement of the Order are not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.
- xiv. As the Company has not made any preferential allotment and private placement of shares or fully & partly convertible debentures during the year under review and hence, reporting requirements under clause 3 (xiv) of the Order is not applicable to the Company and, not commented upon.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

Name of the Statute	Nature of dues	Amount (Rs.)	Amount paid under protest (in Rs. lacs)	Amount outstanding (in Rs. lacs)	Period to which the amount relates	Forum where the dispute is pending
Mines and Minerals (Development and Regulation) Act, 1957	Royalty on rock phosphate	158.36	39.59	118.77	2004-05	Honourable, Supreme Court, Delhi
Commercial Tax Act, 1994	Purchase Tax	64.20	63.38	0.82	2004-05	High Court of Madhya Pradesh, Jabalpur
UP Trade Tax, 1948	Trade Tax	1.53	0.53	1.00	2006-07	The Deputy Commissioner Commercial Tax, Jhansi
Custom Act, 1962	Custom Duty	185.47	18.54	166.93	2004-05 to 2008-09	Commissioner Appeal, Mumbai
Central Sales Tax, 1956	Sales Tax	13.80	-	13.80	2017-18	Corporate Circle Jhansi
U.P. Sales Tax	Sales Tax	4.97	-	4.97	2016-17	Joint Commissioner, Jhansi
Central Sales Tax, 1956	Sales Tax	0.25	-	0.25	2016-17	Corporate Circle Jhansi
U.P. Sales Tax	Sales Tax	19.18	-	19.18	2017-18	Joint Commissioner, Jhansi
The Gujarat Value Added Tax Act, 2003	Sales Tax	21.18	1.34	19.84	2016-17	Department of Commercial Tax, Gujarat
The Gujarat Value Added Tax Act, 2003	Sales Tax	56.84	5.94	50.90	2017-18	Department of Commercial Tax, Gujarat
Income Tax Act, 1962	Income Tax	1.16	-	1.16	2009-10	CIT (Appeal)- New Delhi
Goods and Service Tax Act	GST	1.72	1.72	-	2020-21	GST Office - Indore
Goods and Service Tax Act	GST	0.64	0.64	-	2019-20	GST Office - Jhansi
Goods and Service Tax Act	GST	0.40	0.40	-	2020-21	GST Office - Fatehpur (UP)
Income Tax Act, 1962	Income Tax	84.89	16.98	67.91	2011-12	CIT (Appeal)- New Delhi
Income Tax Act, 1962	Income Tax	22.77	-	22.77	2016-17	CIT (Appeal)- New Delhi
Income Tax Act, 1962	Income Tax	21.23	-	21.23	For various Year	TDS- CPC
U.P. Sales Tax	Sales Tax	2.66	-	2.66	2011-12	DY. Commissioner, Jhansi
U.P. Sales Tax	Sales Tax	2.57	-	2.57	2012-13	DY. Commissioner, Jhansi
U.P. Central Sales Tax, 1956	Sales Tax	0.69	-	0.69	2013-14	DY. Commissioner, Jhansi
U.P. Entry Tax, 2007	Entry Tax	0.11	-	0.11	2013-14	DY. Commissioner, Jhansi

**For NSBP & Co.**  
**Chartered Accountants**  
**Firm's Registration No. 001075N**

**Deepak K. Aggarwal**  
**Partner**

**Membership No: 095541**  
**UDIN-21095541AAEE8540**

Place: New Delhi  
Date: May 12, 2021

**"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT**

**Annexure B to the Independent Auditor's Report to the Members of Khaitan Chemicals and Fertilizers Limited ('the Company') on its financial statements dated May 12, 2021.**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements' section**

We have audited the internal financial controls over financial reporting of **Khaitan Chemicals and Fertilizers Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Management and Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal controls system over financial reporting and such internal controls over financial reporting were operating effectively as at March 31, 2021, based on "the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For NSBP & Co.**  
**Chartered Accountants**  
**Firm Registration No. 001075N**

**Deepak K. Aggarwal**  
**Partner**  
**Membership No: 095541**  
**UDIN-21095541AAAE8540**

Place: New Delhi  
Date: May 12, 2021

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Balance Sheet as at 31<sup>st</sup> March, 2021

Rs. In Lacs

	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current Asset</b>			
Property, plant and equipment	4	9,903.96	10,101.75
Right of use assets	4a	47.91	143.23
Capital work-in-progress	4b	42.62	48.27
Intangible assets	5	1.07	1.17
<b>Financial Assets</b>			
I) Investments	6	172.55	132.16
II) Other Financial Assets	7	357.84	382.84
Income tax assets (net)	15	44.31	30.71
Other non-current assets	8	-	-
		<b>10,570.26</b>	<b>10,840.13</b>
<b>Current Asset</b>			
Inventories	9	11,216.94	11,291.71
<b>Financial Assets</b>			
i) Trade receivables	10	4,362.29	5,353.22
ii) Cash and cash equivalents	11	33.90	36.99
iii) Bank balances other (iii) above	12	589.64	495.76
iv) Loans	13	7.93	41.63
v) Other financial assets	14	314.16	803.59
Other current assets	16	8,333.27	10,205.84
		<b>24,858.13</b>	<b>28,228.75</b>
<b>TOTAL ASSETS</b>		<b>35,428.39</b>	<b>39,068.88</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	969.89	969.89
Other equity	18	16,452.25	14,335.73
<b>Total Equity</b>		<b>17,422.14</b>	<b>15,305.62</b>
<b>Non current liabilities</b>			
<b>Financial liabilities</b>			
I) Borrowings	19	1,904.20	1,908.82
II) Other financial liabilities	20	55.06	50.77
iii) Lease Liabilities		53.60	152.50
Provisions	21	127.73	136.16
Deferred tax liabilities (net)	22	1,478.38	866.83
		<b>3,618.97</b>	<b>3,115.08</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
I) Borrowings	23	5,884.66	10,635.58
II) Trade payables	24	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,767.77	5,167.68
III) Other financial liabilities	25	1,569.17	2,865.54
Other current liabilities	26	2,099.15	1,840.21
Provisions	27	66.53	59.43
Income tax liabilities (net)	28	-	79.74
		<b>14,387.28</b>	<b>20,648.18</b>
<b>TOTAL EQUITY AND LIABILITY</b>		<b>35,428.39</b>	<b>39,068.88</b>
<b>Company information</b>			
Basis of preparation of financial statements	1		
Significant accounting policies	2		
	3		

The accompanying notes 1 to 54 form an integral part of these financial statements.

As per our report of even date

For NSBP & Co.

Chartered Accountants

Firm's Registration No. : 001075N

DEEPAK K. AGGARWAL

Partner

Membership No. 095541

Place : New Delhi

Date : May 12, 2021

For and on behalf of the Board of Directors of KhaiTan Chemicals and Fertilizers Limited

SHAILESH KHAITAN

(Chairman & Managing Director)

(DIN : 00041247)

Place : New Delhi

HARSH VARDHAN AGNIHOTRI

(President & Chief Financial Officer)

PAN No. : ACXPA9315K

Place : Indore

UTSAV KHAITAN

(Joint Managing Director)

(DIN : 03021454)

Place : New Delhi

CS KAMLESH JOSHI

(Company Secretary & General Manager)

Membership No. : FCS 5096

Place : Indore

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2021

			Rs. In Lacs
	Note	For the Year ended 31.03.2021	For the Year ended 31.03.2020
<b>REVENUE:</b>			
Revenue from Operations	29	48,715.28	43,711.31
Other Income	30	55.03	226.64
<b>Total Revenue</b>		<b>48,770.31</b>	<b>43,937.95</b>
<b>EXPENSES:</b>			
Cost of material consumed	31	25,639.11	25,687.89
Purchases of Stock in Trade		12.60	3,331.03
Changes in inventories of finished goods, stock-in-Trade and work-in-progress	32	1,299.57	(3,313.35)
Employee benefits expense	33	2,671.89	2,248.43
Finance costs	34	1,354.96	1,810.46
Depreciation and amortisation expense	35	819.34	851.52
Other expenses	36	13,115.57	11,166.04
<b>Total Expenses</b>		<b>44,913.04</b>	<b>41,782.03</b>
Profit/(loss) before exceptional items and tax		3,857.27	2,155.92
Exceptional Items		-	-
<b>Profit/(loss) before tax</b>		<b>3,857.27</b>	<b>2,155.92</b>
<b>Tax expense:</b>			
a) Current tax		693.29	395.74
b) Deferred tax		669.54	249.18
c) Earlier Year Tax		7.77	2.95
<b>Profit/(loss) for the year from continuing operation</b>		<b>2,486.67</b>	<b>1,508.05</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurements of defined benefit plans		15.64	(48.95)
<b>Less:</b> Tax on Re-measurements of defined benefit plans		(5.47)	17.10
Changes in fair value of financial assets if designated to OCI		40.38	(66.08)
<b>Less:</b> Deferred Tax on Changes in fair value of financial assets if designated to OCI		(4.05)	6.63
<b>Items that will be reclassified to profit or loss</b>			
Gains & (Losses) in Cash Flow Hedges		(193.20)	208.49
<b>Less:</b> Tax Relating to items that will be reclassified to profit & Loss		67.51	(72.85)
<b>Total comprehensive income for the year</b>		<b>2,407.49</b>	<b>1,552.40</b>
<b>Earnings per equity share (Face value of Re. 1/- per share)</b>			
1) Basic		2.56	1.55
2) Diluted		2.56	1.55
Company information	1		
Basis of preparation of financial statements	2		
Significant accounting policies	3		

The accompanying notes 1 to 54 form an integral part of these financial statements.

As per our report of even date

**For NSBP & Co.**

Chartered Accountants

Firm's Registration No. : 001075N

**For and on behalf of the Board of Directors of Khaitan Chemicals and Fertilizers Limited**

**SHAILESH KHAITAN**

(Chairman & Managing Director)

(DIN : 00041247)

Place : New Delhi

**HARSH VARDHAN AGNIHOTRI**

(President & Chief Financial Officer)

PAN No. : ACXPA9315K

Place : Indore

**DEEPAK K. AGGARWAL**

Partner

Membership No. 095541

Place : New Delhi

Date : May 12, 2021

**UTSAV KHAITAN**

(Joint Managing Director)

(DIN : 03021454)

Place : New Delhi

**CS KAMLESH JOSHI**

(Company Secretary & General Manager)

Membership No. : FCS 5096

Place : Indore



# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2021

Rs. In Lacs

	For the Year ended 31.03.2021	For the Year ended 31.03.2020
<b>Cash flow from operating activities</b>		
<b>Profit for the year (Before tax)</b>	3,857.27	2,155.92
<b>Adjustments to reconcile net profit to net cash by operating activities</b>		
Depreciation, amortization expense & Lease expenses	819.34	851.52
Provision no longer required written back	(2.42)	(7.69)
Net Loss on sale of property, plant and equipment	15.97	-
Provision for Doubtful debt/Subsidy / Advances	108.18	145.44
Provision for Non Moving Inventory	2.04	66.67
Finance costs	1,354.96	1,810.47
Interest income	(47.61)	(53.60)
	6,107.73	4,968.72
Adjustments for:		
(Increase)/ decrease in inventories	72.74	(2,470.95)
(Increase)/ decrease in trade receivables	848.27	422.05
(Increase)/ decrease in short-term loans	33.70	(2.58)
(Increase)/ decrease in other financial current assets	481.78	(333.87)
(Increase)/ decrease in other current assets	1,713.01	(1,910.48)
(Increase)/ decrease in other non-current Financial assets	25.01	(28.35)
(Decrease)/ increase in short & long term provision	(1.34)	1.59
(Decrease)/ increase in other non current financial liabilities	4.29	(48.09)
(Decrease)/increase in trade payable	(399.96)	75.67
(Decrease)/ increase in other financial current liabilities	62.33	722.20
(Decrease)/ increase in other current liabilities	254.37	547.38
<b>Cash (used in)/from operations</b>	9,201.93	1,943.28
Direct taxes Paid (net of refund)	(767.20)	(336.62)
<b>Net cash flow (used in)/from operating activities</b>	8,434.73	1,606.66
<b>Cash flow from investing activities</b>		
Purchase of Property, plant and equipment including CWIP	(471.12)	(140.96)
Proceeds from sale of Property, plant and equipment	(49.37)	-
Proceeds of Margin Money Deposits	(91.72)	178.05
Interest received	55.27	65.57
<b>Net cash flow from/ (used in) investing activities</b>	(556.93)	102.66
<b>Cash flow from financing activities</b>		
Repayments of non-current borrowings	(1,282.62)	(955.07)
Repayment of current borrowing (Net)	(4,750.92)	1,133.10
Dividend Paid	(288.81)	(55.84)
Tax on Dividend	-	(9.97)
Interest paid (Including Lease Liabilities Interest)	(1,459.63)	(1,721.61)
Repayment of Lease Liabilities	(98.91)	(95.96)
<b>Net cash Flow from/ (used in) financing activities</b>	(7,880.89)	(1,705.35)
<b>Net increase /(decrease) in cash and cash equivalent (A+B+C)</b>	3.09	3.98
Cash and cash equivalent at the beginning of the year	36.99	33.01
<b>Cash and cash equivalent at the end of the year</b>	33.90	36.99
<b>Components of cash and cash equivalent</b>		
Cash on hand	9.47	8.04
With Bank - on current account	24.43	28.95
<b>Total cash and cash equivalent</b>	33.90	36.99

### Note:

- The above cash flow statement has been prepared under the indirect method as set out in Ind -AS 7 specified under section 133 of the Companies Act, 2013
- Figures in brackets denote cash outflow.
- Previous year figures have been regrouped and recasted where ever necessary to confirm the current year classification.

<b>Company information</b>	1
<b>Basis of preparation of financial statements</b>	2
<b>Significant accounting policies</b>	3

The accompanying notes 1 to 54 form an integral part of these financial statements.

As per our report of even date

**For NSBP & Co.**

Chartered Accountants

Firm's Registration No. : 001075N

**DEEPAK K. AGGARWAL**

Partner

Membership No. 095541

Place : New Delhi

Date : May 12, 2021

**For and on behalf of the Board of Directors of Khaiitan Chemicals and Fertilizers Limited**

**SHAILESH KHAITAN**

(Chairman & Managing Director)

(DIN : 00041247)

Place : New Delhi

**HARSH VARDHAN AGNIHOTRI**

(President & Chief Financial Officer)

PAN No. : ACXPA9315K

Place : Indore

**UTSAV KHAITAN**

(Joint Managing Director)

(DIN : 03021454)

Place : New Delhi

**CS KAMLESH JOSHI**

(Company Secretary & General Manager)

Membership No. : FCS 5096

Place : Indore

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2021

a. Equity Share Capital					Rs. in Lacs			
	As at March 31, 2021	Changes during the year		As at March 31, 2020	Changes during the year		As at March 31, 2019	
Equity Share of Rs.1/- each issued subscribed and fully paid	969.89			969.89			969.89	
b (i). Other Equity					Rs. in Lacs			
	Reserves and Surplus*				Other Comprehensive Income*			Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Equity Instrument thorough other comprehensive income	Effective Portion of Cash flow hedges	Re-measurements of defined benefit plans	
Balance as at April 01, 2019	1,543.89	2,152.58	2,791.24	6,187.40	169.82	(1.66)	(1.48)	12,841.78
Profit/ (loss) for the year				1,508.05				1,508.05
Other comprehensive income					(59.44)	135.63	(31.84)	44.35
Total Comprehensive Income for the year	-	-	-	1,508.05	(59.44)	135.63	(31.84)	1,552.40
Final Dividend (F.Y. 2018-19)				(48.49)				(48.49)
Dividend Distribution Tax				(9.97)				(9.97)
Transfer to retained earnings	(2.04)			2.04				-
Balance as at March 31, 2020	1,541.85	2,152.58	2,791.24	7,639.03	110.38	133.97	(33.33)	14,335.73
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	1,541.85	2,152.58	2,791.24	7,639.03	110.38	133.97	(33.33)	14,335.73
Profit/ (loss) for the year				2,486.67				2,486.67
Other comprehensive income					36.33	(125.69)	10.17	(79.19)
Total Comprehensive Income for the year	-	-	-	2,486.67	36.33	(125.69)	10.17	2,407.49
Final Dividend (F.Y. 2019-20)				(193.99)				(193.99)
Interim Dividend (F.Y. 2020-21)				(96.98)				(96.98)
Dividend Distribution Tax				-				-
Transfer to retained earnings	(2.04)			2.04				-
Balance as at March 31, 2021	1,539.81	2,152.58	2,791.24	9,836.77	146.71	8.28	(23.15)	16,452.25

### b(ii) \* Nature and Purpose of Reserves

- Capital Reserve :-** Capital Subsidy received Credited to the capital Reserve.
- Securities Premium :-** Securities Premium was credited when Right shares were issued at premium. It is utilised in accordance with the provisions of the act, to issue bonus Shares, to provide for premium on redemption of shares, write-off equity related expenses like underwriting costs etc.
- General Reserve :-** Represents the statutory reserves this is in accordance with Indian corporate law wherein a portion of profit is appropriated to General reserve under the erstwhile Companies Act , 1956, it was mandatory y to transfer amount before a Company declare dividend, However Company Act, 2013, transfer of any amount to General reserve is at the description of the Company.
- Retained Earnings :-** Retained earnings are profits that the company has earned till date, less any transferred to general reserve, dividends or other distribution paid to shareholders.
- Other comprehensive income(OCI) :-** Reserve represents the balance in equity for items to be accounted in other comprehensive income. OCI is classified in to i) items that will not be reclassified to statement of profit & loss and ii) items that will be reclassified to statement of profit & loss.

Company information	1
Basis of preparation of financial statements	2
Significant accounting policies	3

The accompanying notes 1 to 54 form an integral part of these financial statements.

As per our report of even date  
**For NSBP & Co.**  
 Chartered Accountants  
 Firm's Registration No. : 001075N

**DEEPAK K. AGGARWAL**  
 Partner  
 Membership No. 095541  
 Place : New Delhi  
 Date : May 12, 2021

### For and on behalf of the Board of Directors of Khaiitan Chemicals and Fertilizers Limited

**SHAILESH KHAITAN**  
 (Chairman & Managing Director)  
 (DIN : 00041247)  
 Place : New Delhi

**HARSH VARDHAN AGNIHOTRI**  
 (President & Chief Financial Officer)  
 PAN No. : ACXPA9315K  
 Place : Indore

**UTSAV KHAITAN**  
 (Joint Managing Director)  
 (DIN : 03021454)  
 Place : New Delhi

**CS KAMLESH JOSHI**  
 (Company Secretary & General Manager)  
 Membership No. : FCS 5096  
 Place : Indore

**Summary of significant accounting policies and Notes on accounts for the year ended 31<sup>st</sup> March, 2021****1. Corporate Information**

Khaitan Chemicals and Fertilizers Limited (the Company) is engaged in the manufacturing of Single Super Phosphate Fertilisers (Plain, Zincated and Boronated in powder form and granulated form), Sulphuric Acid and its variants, Trading of NPK Fertilisers, 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. The Company is a public limited company incorporated and domiciled in India under the provisions of Companies Act, 2013. Its shares are listed on the BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai. The financial statements are presented in INR and all values are rounded to the nearest INR Lakh (100 Thousand), except when otherwise indicated

These financial statements were approved and adopted by the Board of Directors of the Company in their meeting held on May 12, 2021.

**2. Basis of Preparation of Financial Statements****a) Statement of compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (and the relevant amendment rules issued thereafter) and relevant provisions of the Companies Act, 2013. The financial statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation for all periods presented.

**b) Basis of preparation of financial statements**

The financial statements have been prepared accrual basis on historical cost convention, except as stated otherwise. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**c) Operating Cycle**

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the Schedule III to the Act. Based on the nature of services and time between the acquisition of assets for providing of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

**d) Use of Estimates**

The preparation of the financial statements in conformity with IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Notes.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**(i) Property, plant and equipment**

PPE represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

**(ii) Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumption includes discount rate, trends in salary escalation and attrition rate. The discount rate is determined by reference to market yields at the end of the reporting period on government securities. The period to maturity of the underlying securities correspond to the probable maturity of the post-employment benefit obligations.

**(iii) Intangibles**

Intangible assets are amortized over their estimated useful life as estimated by management on straight line basis, commencing from the date, the asset is available to the Company for its use. Computers software are depreciated fully in the year of addition.

**(iv) Provision for contingencies**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3. Significant Accounting Policies for the year ended 31<sup>st</sup> March, 2021.****a) Revenue Recognition**

- i. **Sale** - Revenue from the sale of goods is recognised, when all the significant risks and rewards of ownership of the goods have passed to the buyer, the Company no longer has effective control over the goods sold, the amount of revenue and costs associated with the transaction can be measured reliably and no significant uncertainty exists regarding the amount of Consideration that will be derived from the sales of Goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The sales amount includes the excise duty and exclude Value added tax/sales tax, Export incentives, Duty drawbacks, Goods and Service Tax and other benefits are recognized in the Statement of Profit and Loss.

- ii. **Interest** - Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable, effective interest method, wherever applicable.
- iii. **Subsidy** - Fertilizer Subsidy, wherever applicable, is accounted for on actual sales and is net off of any subsequent non receipt reversal.
- iv. **Dividend** - Dividends are accounted for when the right to receive the dividend payment is established

Ind AS 115 provides for a five step model for the analysis of Revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

**b) Government Grants and Subsidies**

Grants from the government is recognized at fair value with the reasonable assumption that the Company will comply with conditions attached to them. Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognized and credited in the Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other Income".

Government grants related to revenue nature are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate and are adjusted with the related expenditure.

If not related to a specific expenditure, it is taken as income and presented under "Other Income".

**c) Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

i. Short term employee benefits obligations are estimated and provided for.

ii. Post-employment benefits and other long term benefits:

**a) 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.

**b) 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 Other Comprehensive Income and other costs are recognized in statement of profit and loss. Gratuity and Leave encashment liabilities are funded and administered through Group Gratuity Scheme with Life Insurance Corporation of India.

**d) Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

**The Company as a lessee**

"The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

"Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## The Company as a lessor

"Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### e) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### f) Property, plant and equipment

- i. Property, plant and equipment are stated at cost net of duty or tax credit availed, 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 & Input of GST and other taxes availed, are deducted in arriving at the purchase price. When significant part of the property, plant and equipment are required to be replaced at intervals, the company derecognized the replaced part and recognized the new parts with its own associated useful life and depreciated it accordingly. All other repair and maintenance cost are recognized in the statement of the profit and loss as incurred.
- ii. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.
- iii. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.
- iv. 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.
- v. Machinery Spares /Standby equipment's which are used only in connection with Property, plant and equipment and are of material value to the overall value of the asset are capitalized.

### g) Intangible assets

Intangible Assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. 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.

Revenue expenditure on Research and Development is charged to statement of Profit and loss in the year in which it is incurred and capital expenditure is added to Fixed Asset.

### h) Depreciation and Amortisation

- i. Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed in Schedule II of the Companies Act, 2013, except in respect of certain categories of assets in whose case the life has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.
- ii. Depreciation for assets purchased/sold during a period are proportionately charged.
- iii. 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.
- iv. The leasehold land is amortised over the primary lease period excluding on perpetual lease. Freehold land is not depreciated.
- v. Assets individually costing Rs 5,000 or less are depreciated fully in the year of purchase

### i) Impairment of tangible and intangible assets

The carrying amounts 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 net 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.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

Cost for various items of inventory is determined as under:

Raw Material	Quarterly weighted average method for Fertilizer Division and FIFO method for Agri 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) Financial Assets & Liabilities**

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

**i. Financial Assets at Amortised Cost**

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**ii. Financial Assets at Fair value through Other Comprehensive Income**

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

**iii. Financial Assets at Fair value through Profit or Loss**

At the date of initial recognition, financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

**Trade Receivables**

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

**Investment in Equity Shares.**

Investments in Equity Securities are initially measured at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss if such investments in Equity Securities are held for trading purposes. The fair value gains or losses of all other Equity Securities are recognized in Other Comprehensive Income.

**Derecognition.**

Financial Asset is primarily derecognised when:

- i. The right to receive cash flows from asset has expired, or.
- ii. The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either:
  - a) The Company has transferred substantially all the risks and rewards of the asset, or
  - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Financial Liabilities****Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent Measurement.**

The measurement of financial liabilities depends on their classification, as described below:

**i. Financial Liabilities at Fair Value through Profit or Loss.**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date with all the changes recognized in the Statement of Profit and Loss.

ii. **Financial Liabilities measured at Amortised Cost.**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

iii. **Loans and Borrowings.**

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

iv. **Trade and Other Payables.**

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**De-recognition of Financial Liability**

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

**Offsetting of Financial Instruments**

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Derivative Financial Instruments**

The company uses derivative instruments as a part of its management of exposure to fluctuations in foreign currency exchange rates. The company does not acquire or issue derivative instruments for trading or speculative purposes. The company does not enter into complex derivative transactions to manage the treasury.

All derivative financial instruments are recognised as assets or liabilities on the balance sheet and measured at fair value, generally based on quotation obtained from financial institutions. The accounting for changes in the fair value of a derivative instruments depends on the intended use of the derivatives and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and non-current assets and liabilities. Derivatives that are designated as hedges are classified as current and non-current depending upon the maturity of the derivatives.

The use of derivative can give rise to credit and market risk. The company tries to control credit risk as far as possible by only entering into the contract with reputable bank and financial institution. The use of derivative instrument is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by the management and board. The market risk on derivatives are mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

**Cash flow hedge**

The Company designates certain foreign exchange forward as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

**Foreign Currency Transactions/ Hedge Accounting**

Financial statements are presented in Indian Rupee, which is Company's functional and presentation currency.

**• Initial recognition**

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

**• Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**• Exchange differences**

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively). Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

**l) 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. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

**Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**Minimum Alternate Tax**

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

**m) Pre project expenditure**

The expenses on pre-feasibility study reports, market survey reports, and 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.

**n) Earnings per share**

The Company reports basic and diluted earnings per equity share in accordance with Indian Accounting Standard 33- "Earning per share". Basic earnings 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.

**o) 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 events and it is probable that there will be an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

**p) Cash and Cash Equivalents**

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.

**q) Cash Flow Statements**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**r) Derivatives Instruments**

The Company holds derivative financial instruments such as Foreign Currency Forward Contracts to mitigate the risk of changes in exchange rates on Foreign currency exposures. The counter party for these contracts is bank. The Company initially recognised such derivative instruments at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit & Loss, except for the effective portion of cash flow hedge which is recognised in Other Comprehensive Income and later to statement of profit and loss in the period when they arise. Derivatives are carried as Financial Assets when the fair value is positive and as financial liabilities when the fair value is negative.

**s) Segment Reporting**

The Company is organized into three primary business segments mainly Fertilizer and Chemicals, Agro (Soya) and others, 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.

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

**t) Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

- i. Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ii. Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- iii. Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**u) Significant Accounting Judgments, Estimates and Assumptions**

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgments which have significant effect on the amounts recognized in the financial statement:

**i. Income taxes**

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

**ii. Contingencies**

Judgment of the Management is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

**iii. Allowance for uncollected accounts receivable and advances**

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

**iv. Defined Benefit Plans.**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**v. Fair Value Measurement of Financial Instruments.**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Recent accounting pronouncements:**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

- (i) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- (ii) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- (iii) Specified format for disclosure of shareholding of promoters.
- (iv) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- (v) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- (vi) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

- (vii) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### 4. Property, Plant and Equipment

Rs. in Lacs

	Land- Freehold <sup>(b)</sup>	Land- Leasehold <sup>(c)</sup>	Buildings	Plant and Equipment	Furniture & Fixtures	Vehicles <sup>(a)</sup>	Office Equipment	Computers	Total
Gross carrying value as at April 01, 2019	559.57	454.41	4,769.51	6,698.28	54.64	334.55	46.13	33.19	12,950.28
Additions	-	-	5.52	46.29	20.27	10.44	3.99	12.15	98.66
Adjustments / deletions	-	-	-	-	-	-	-	(0.35)	(0.35)
<b>Gross carrying value as at March 31, 2020</b>	<b>559.57</b>	<b>454.41</b>	<b>4,775.03</b>	<b>6,744.57</b>	<b>74.91</b>	<b>344.99</b>	<b>50.12</b>	<b>44.99</b>	<b>13,048.59</b>
Additions	-	15.00	45.93	49.08	1.52	421.48	2.25	24.24	559.50
Adjustments / deletions	-	-	-	(6.64)	(1.06)	(55.05)	-	-	(62.75)
<b>Gross carrying value as at March 31, 2021</b>	<b>559.57</b>	<b>469.41</b>	<b>4,820.96</b>	<b>6,787.01</b>	<b>75.37</b>	<b>711.42</b>	<b>52.37</b>	<b>69.23</b>	<b>13,545.34</b>
Accumulated Depreciation/ amortisation as of April 01, 2019	-	15.03	371.36	1,656.45	23.74	84.51	20.56	21.02	2,192.67
Depreciation/ amortisation	-	5.01	126.53	565.00	7.97	33.32	8.26	7.74	753.83
Adjustments / deletions	-	-	-	-	-	-	-	(0.34)	(0.34)
<b>Accumulated Depreciation/ amortisation as of March 31, 2020</b>	<b>-</b>	<b>20.04</b>	<b>497.89</b>	<b>2,221.45</b>	<b>31.71</b>	<b>117.83</b>	<b>28.82</b>	<b>29.10</b>	<b>2,946.84</b>
Depreciation/ amortisation	-	5.01	126.43	522.34	8.89	41.46	6.63	13.16	723.92
Adjustments / deletions	-	-	-	(5.92)	(0.40)	(23.06)	-	-	(29.38)
<b>Accumulated Depreciation/ amortisation as of March 31, 2021</b>	<b>-</b>	<b>25.05</b>	<b>624.32</b>	<b>2,737.87</b>	<b>40.20</b>	<b>136.23</b>	<b>35.45</b>	<b>42.26</b>	<b>3,641.38</b>
Carrying value as at March 31, 2020	559.57	434.37	4,277.14	4,523.12	43.20	227.16	21.30	15.89	10,101.75
Carrying value as at March 31, 2021	559.57	444.36	4,196.64	4,049.14	35.17	575.19	16.92	26.97	9,903.96

- NOTES:**
- Vehicles include motor cars taken on hire purchase with a gross value of Rs 385.77 lakhs (previous year Rs 18.50 lakhs).
  - Freehold Land measuring 1,76,460 Sq Meter amount to Rs 57.47 Lakhs (previous year 57.47 Lakhs) is yet to be transferred in the name of the Company. These lands were acquired in pursuance of Scheme of amalgamation/merger sanctioned honble' high court. (Jhansi Unit)
  - Leasehold Land of Malwan unit measuring 1,51,650.72 Sq. Meter amounting to Rs 24.86 lakhs (Net Block Rs 15.38 lakhs) acquired by virtue of amalgamation sanctioned by BIFR order dated 12<sup>th</sup> April 2006, is yet to be transferred in the name of the Company
  - Refer note no. 19 for charges on property plant and equipments.

### 4a. Right of Use Assets

Rs. in Lacs

	RIGHT OF USE ASSET
Gross carrying value as at April 01, 2019	-
Additions	239.18
<b>Gross carrying value as at March 31, 2020</b>	<b>239.18</b>
Additions	-
<b>Gross carrying value as at March 31, 2021</b>	<b>239.18</b>
Accumulated Depreciation/ amortisation as of April 01, 2019	-
Depreciation/ amortisation	95.95
<b>Accumulated Depreciation/ amortisation as of March 31, 2020</b>	<b>95.95</b>
Depreciation/ amortisation	95.32
<b>Accumulated Depreciation/ amortisation as of March 31, 2021</b>	<b>191.27</b>
Carrying value as at March 31, 2020	143.23
Carrying value as at March 31, 2021	47.91

### 4b.Capital Work-in Progress

Rs. in Lacs

	As at March 31, 2021	As at March 31, 2020
Capital work-in progress (Including pre-operative expenses amounting of Rs Nil) (previous year Rs Nil)	42.62	48.27
<b>Total</b>	<b>42.62</b>	<b>48.27</b>



## 5. Intangible assets

Rs. In Lacs

	Software (Bought Out)	Total
<b>Gross carrying value as at April 01, 2019</b>	<b>56.56</b>	<b>56.56</b>
Additions	-	-
Adjustments / deletions	-	-
<b>Gross carrying value as at March 31, 2020</b>	<b>56.56</b>	<b>56.56</b>
Additions	-	-
Adjustments / deletions	-	-
<b>Gross carrying value as at March 31, 2021</b>	<b>56.56</b>	<b>56.56</b>
Accumulated amortisation as of April 01, 2019	(54.22)	(54.22)
Amortisation	(1.16)	(1.16)
Adjustments / deletions	-	-
Accumulated amortisation as of March 31, 2020	(55.38)	(55.38)
Amortisation	(0.10)	(0.10)
Adjustments / deletions	-	-
<b>Accumulated amortisation</b>	<b>(55.48)</b>	<b>(55.48)</b>
<b>Carrying value as at March 31, 2020</b>	<b>1.17</b>	<b>1.17</b>
<b>Carrying value as at March 31, 2021</b>	<b>1.07</b>	<b>1.07</b>

## 6. Non-current- Investments

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
<b>Unquoted equity shares (fully paid up)</b>		
<b>Unquoted equity shares (fully paid up)</b>		
<b>Investment in structured entities at Fair value through other comprehensive income</b>		
<b>National Board of Trade Limited</b>	<b>0.01</b>	<b>0.01</b>
16,100 shares (Previous year 16,100 shares) of fully paid up equity share of Rs. 10/- each		
<b>Quoted equity shares (fully paid up)</b>		
<b>Investment in structured entities at Fair value through other comprehensive income</b>		
<b>Shradha Project Limited</b>	<b>172.54</b>	<b>132.15</b>
9,48,000 shares (Previous Year 9,48,000 Shares) of fully paid up equity share of Re. 1/- each		
<b>Total</b>	<b>172.55</b>	<b>132.16</b>
<b>Aggregate value of Quoted investments and fair value thereof</b>	<b>172.54</b>	<b>132.15</b>
<b>Aggregate value of Un-Quoted investments and fair value thereof</b>	<b>0.01</b>	<b>0.01</b>
<b>Aggregate Provision for impairment in the value of investments</b>	<b>-</b>	<b>-</b>

Shradha Project Ltd is a listed Company (Calcutta stock exchange) but their shares are not quoted hence shares are valued at fair value basis

## 7. Non-current- Other Financial Assets

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
Security deposits	357.19	382.19
Bank deposits with maturity of more than 12 months*	0.65	0.65
<b>Total</b>	<b>357.84</b>	<b>382.84</b>

\* pledged with government authorities and others

## 8. Other Non-Current Assets

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
<b>Other advances:</b>		
Subsidy receivable	142.88	142.88
Less: Subsidy payable to Bank of India on realisation	(142.88)	(142.88)
<b>Total</b>	<b>-</b>	<b>-</b>

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### 9. Current Inventories

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
Raw materials	2,090.79	1,992.42
Raw material in transit	924.89	163.01
Work-in-progress	4.29	4.29
Finished goods	6,595.64	6,299.91
Stock-in-trade	44.52	1,639.82
Stores and spares	1,674.86	1,308.27
Less: Provision for Non Moving Stores	(118.05)	(116.01)
<b>Total</b>	<b>11,216.94</b>	<b>11,291.71</b>

**Note: Inventory is hypothecated as first Pari - Passu Charge to consortium of Bankers lead by SBI for working capital.**

### 10. Current Trade receivables

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
Secured, considered good	-	-
Unsecured, considered good	4,362.29	5,353.22
Credit Impaired	467.67	325.02
Impairment allowance (allowances for bad and doubtful receivables)	(467.67)	(325.02)
<b>Total</b>	<b>4,362.29</b>	<b>5,353.22</b>

### 11. Current - Cash and cash equivalents

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
Cash on hand	9.47	8.04
Balance with banks	24.43	28.95
<b>Total</b>	<b>33.90</b>	<b>36.99</b>

### 12. Current -Bank balances other than cash and cash equivalents

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
<b>Earmarked balances with banks:</b>		
Unpaid dividend account	14.30	12.13
Margin money deposits	575.34	483.63
<b>Total</b>	<b>589.64</b>	<b>495.76</b>

**Note a)** Margin Money Deposits are subject to first charge to secure the Company's Letter of Credit's & Bank Guarantees.

**b)** Margin money deposits includes an interest accrued of Rs. 33.03 Lacs (Previous Year Rs. 8.87 Lacs)

**c) Unclaimed dividend account**

If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

### 13. Current Loans

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
Other loans (unsecured, considered good)		
Loan/advances to employees	7.93	41.63
<b>Total</b>	<b>7.93</b>	<b>41.63</b>

### 14. Current Other Financial Assets

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
<b>(unsecured, considered good)</b>		
Security deposits	307.66	235.06
Interest receivable	6.50	14.16
Derivative financial instrument (at fair value through P&L & OCI)	-	552.11
Unbilled Revenue	-	2.26
<b>Total</b>	<b>314.16</b>	<b>803.59</b>

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### 15. Non-Current Income tax assets (net)

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
Prepaid Taxes	44.31	30.71
<b>Total</b>	<b>44.31</b>	<b>30.71</b>

### 16. Other current assets

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
<b>Advances other than Capital Advances</b>		
Advance to suppliers & contractors	290.37	389.17
Less: Provision for bad & doubtful advances	(9.72)	(26.61)
<b>Total advance to suppliers &amp; contractors</b>	<b>280.65</b>	<b>362.56</b>
<b>Government subsidies receivable- Unsecured considered good</b>	<b>5,480.16</b>	<b>7,481.72</b>
Impairment allowance (allowances for government subsidies)	(22.65)	(40.24)
<b>Total Government subsidies receivable</b>	<b>5,457.51</b>	<b>7,441.48</b>
Prepaid expenses	71.32	94.75
Balances with statutory/govt. authorities	2,075.25	1,802.28
Other advances recoverable in cash or in kind	373.30	368.19
Taxes/duties deposited under protest	75.24	136.58
<b>Total</b>	<b>8,333.27</b>	<b>10,205.84</b>

### 17. Share Capital

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
22,00,00,000 shares (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 (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 (Previous year 9,69,89,200 shares)		
of par value of Re.1/- each	969.89	969.89
<b>Total</b>	<b>969.89</b>	<b>969.89</b>

#### Note

- The Company has only one class of equity shares having a par value of Re.1/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuing annual general meeting. In the event of liquidation, the equity shareholder are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the balance sheet date.
- Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.**

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs
At the beginning of the year	96,989,200	969.89	96,989,200	969.89
changes during the year				
<b>Outstanding at the end of the year</b>	<b>96,989,200</b>	<b>969.89</b>	<b>96,989,200</b>	<b>969.89</b>

#### d) Details of shareholders holding more than 5% shares of the Company:

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of shares	No. of shares	% of shares
Shradha Projects Limited	45,763,640	47.18	45,763,640	47.18
The Majestic Packaging Co. Pvt. Ltd.	22,049,310	22.73	22,049,310	22.73

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

18. Other equity	Rs. In Lacs	
	As at March, 31, 2021	As at March 31, 2020
<b>Capital reserve</b>		
Opening balance	1,541.85	1,543.89
Transferred to retained earnings	(2.04)	(2.04)
<b>Closing Capital Reserve</b>	<b>1,539.81</b>	<b>1,541.85</b>
<b>Securities premium</b>		
Opening balance	2,152.58	2,152.58
Addition/adjustments	-	-
<b>Closing Securities Premium</b>	<b>2,152.58</b>	<b>2,152.58</b>
<b>General Reserve</b>		
Opening balance	2,791.24	2,791.24
Addition/adjustments	-	-
<b>Closing General Reserve</b>	<b>2,791.24</b>	<b>2,791.24</b>
<b>Surplus in Statement of Profit &amp; Loss</b>		
Opening Balance	7,639.04	6,187.40
Profit for the year	2,486.67	1,508.05
Final dividends paid (Incl. Interim dividend of Rs 96.98 Lakhs previous year Rs Nil)	(290.97)	(48.49)
Dividend distribution tax paid	-	(9.97)
Transfer from capital reserve	2.04	2.04
<b>Closing Surplus in Statement of Profit &amp; Loss</b>	<b>9,836.78</b>	<b>7,639.04</b>
<b>Other Comprehensive Income</b>		
Opening Balance	211.03	166.68
Addition/adjustments	(79.19)	44.35
<b>Closing Comprehensive Income</b>	<b>131.85</b>	<b>211.03</b>
<b>Total other equity</b>	<b>16,452.25</b>	<b>14,335.73</b>

Note: Based on the Company's performance, the Board of Directors have declared interim dividend of Re.0.10 per equity share (face value of Rs. 1/- per share) in its meeting held on November 2, 2020. The Board of Directors have also proposed to recommend a final dividend of Re.0.15 per equity share (face value of Re. 1/- per share) in its meeting held on May 12, 2021, taking the total dividend to Re. 0.25 per equity share (face value of Re. 1/- per share) for the financial year 2020-2021, (previous year Re. 0.20 per equity share (face value of Re. 1/- per share)). The proposed dividend subject to approval at the Annual General Meeting, will result in cash outflow of Rs 145.47 lakhs.

19. Non-Current Borrowings	Rs. In Lacs	
	As at March, 31, 2021	As at March 31, 2020
<b>Term Loan</b>		
<b>Secured</b>		
Indian Rupee Term Loan from Banks	345.38	405.17
Foreign Currency Loan from Banks	-	1,219.68
Financial Institution	-	3.14
Less: Current Maturities (refer note no 25)	62.18	1,340.17
	<b>283.20</b>	<b>287.82</b>
<b>Loan from related parties</b>		
<b>Unsecured</b>	<b>1,621.00</b>	<b>1,621.00</b>
<b>Total</b>	<b>1,904.20</b>	<b>1,908.82</b>

- i) Rupee Term Loan of Rs Nil Lakhs and corresponding Foreign Currency Term Loan of Rs Nil Lakhs (Previous Year Rupee Term Loan of Rs. 23.76 lakhs and corresponding Foreign Currency term loan of Rs. 263.50 lakhs) Originally sanctioned Rs. 1,000 Lakhs in FY 2016-17) from State Bank of India, were fully prepaid during the year because of sufficient cash availability with the company. These loan was 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 was repayable in 17 instalments comprising of 16 instalments of Rs 43.00 Lakhs each and balance in last instalments ending on 31<sup>st</sup> December, 2021.
- ii) Rupee Term Loan of Rs Nil lakhs and corresponding Foreign Currency term loan of Rs. Nil lakhs ( Previous Year Rupee Term Loan of Rs 20.80 lakhs and corresponding Foreign Currency term loan of Rs. 956.18 Lakhs) Original Sanctioned Rs. 3,000 Lakhs in FY 2015-16 from State Bank of India, were fully repaid during the year. These loan was 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 was repayable in 22 quarterly installments comprising of 2 Installment of Rs.50.00 Lakhs each, 4 Installments of Rs. 75.00 Lakhs each, 4 Installments of Rs 100.00 Lakhs each, 4 Installments of Rs 150.00 Lakhs each, 4 Installments of Rs 175.00 Lakhs each, 2 Installments of Rs. 200.00 Lakhs each, 1 Installment of Rs. 250.00 Lakhs and balance in last installment ending on 31.03.2021.

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

- iii) Rupee Term Loan of Rs. Nil lakhs ( Previous year Rupee Term Loan of Rs. 285.71 lakhs ) Original Sanctioned Rs. 1,000 Lakhs in FY 2016-17) from IDBI Bank, was fully prepaid during the year because of sufficient cash availability with the company. These loan were 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 was repayable in 28 equal quarterly instalment of Rs.35.71 Lakhs each ending on 1st January, 2022.
- iv) Rupee Term Loan of Rs. Nil lakhs ( Previous Year Rupee Term Loan of Rs. 3.14 lakhs ) Sanctioned Rs. 49.50 lakhs) availed from BMW Financial Services has been fully repaid during the year on completion of the installments on 1st June, 2020
- v) Rupee Term Loan of Rs 21.54 lakhs (Previous Year 63.99 Lakhs), sanctioned Rs 185.98 Lakhs in 2016-17) have been availed from Axis Bank with tenure of 60 months ending 15th Sept , 2021. The Loan is secured by the hypothecation of the car.
- vi) Rupee Term Loan of Rs 7.82 Lakhs (Previous Year 10.62 Lakhs ) Sanctioned Rs 14.67 Lakhs in 2018-19 by Yes bank with tenure of 60 months ending 2nd August 2023. The Loan is secured by the hypothecation of the car.
- vii) Rupee Term Loan of Rs 316.02 lakhs (Previous Year Nil Lakhs ) Sanctioned Rs. 325 lakhs in 2020-21 by HDFC bank with tenure of 84 months ending 5th December 2027. The Loan is secured by the hypothecation of the car.
- viii) Unsecured Loan & Advances of Rs 1621.00 Lakhs ( Previous year Rs 1621 Lakhs ) has been procured from related party viz Shradha Projects Ltd , Accord Infra Properties Private Ltd & Lilac Properties Private Ltd as promoter fund infusion towards SBI Loan. Rs 1621.00 Lakhs are repayable on demand.

### 20. Non-current-other Financial Liabilities

	Rs. In Lacs	
	As at March, 31,2021	As at March 31, 2020
Security Deposits	55.06	50.77
<b>Total</b>	<b>55.06</b>	<b>50.77</b>

### 21. Non-current-Provisions

	Rs. In Lacs	
	As at March, 31,2021	As at March 31, 2020
Provisions for Employee Benefits	127.73	136.16
<b>Total</b>	<b>127.73</b>	<b>136.16</b>

### 22. Non-current-Deferred tax liabilities (net)

	Rs. In Lacs	
	As at March, 31,2021	As at March 31, 2020
<b>Deferred Tax Liability on account of:</b>		
a) Timing difference on depreciation and amortisation	1,942.86	2,161.32
b) M2M Forex / Others	3.74	(72.13)
c) Remeasurement of borrowings	-	(0.10)
d) Fair value of investments at FVTOCI	16.37	10.74
<b>Deferred Tax Liability</b>	<b>1,962.97</b>	<b>2,099.83</b>
<b>Deferred Tax Assets on account of:</b>		
a) Provisions for doubtful debts\Non-moving Items	216.00	177.47
b) Losses on Specified Business / other business losses	-	210.52
c) Expense allowed on payment/ settlement basis	115.05	86.52
d) MAT credit entitlement	153.54	758.48
<b>Deferred Tax Asset</b>	<b>484.59</b>	<b>1,232.99</b>
<b>Deferred Tax Liability/(Assets)(Net)</b>	<b>1,478.38</b>	<b>866.83</b>

### 23. Current-Borrowings

	Rs. In Lacs	
	As at March, 31,2021	As at March 31, 2020
<b>Loans Repayable on Demand</b>		
<b>Secured From Banks</b>		
Cash Credits / Working Capital Demand Loans	5,884.66	10,635.58
<b>Total</b>	<b>5,884.66</b>	<b>10,635.58</b>

#### Note:

Cash Credit/Working Capital demand loans are 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 lakhs equity shares of the Company with face value of Re. 1/- per share held by Chairman & Managing Director, Shri Shailesh Khaitan in favour of all consortium Bankers & 96,98,920 shares of the Company with face value of Re 1/- per share held by M/s. Shradha Project Ltd exclusively in favour of State Bank of India All short term bank borrowings are personally guaranteed by Chairman & Managing Director, Shri Shailesh Khaitan





## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

24. Current-Trade Payables	Rs. In Lacs	
	As at March, 31,2021	As at March 31, 2020
Dues to Micro, Small and Medium Enterprises* (refer note no. 42)	-	-
Other trade payables (including acceptances)	4,767.77	5,167.88
<b>Total</b>	<b>4,767.77</b>	<b>5,167.88</b>

\* There are no outstanding amounts payable beyond the agreed period to micro, small and medium enterprise as required by MSMED Act, 2006 as on the balance sheet date to the extent such enterprises have been identified based on information available with the Company. In view of this there is no overdue interest payable

25. Current-Other Financial Liabilities	Rs. In Lacs	
	As at March, 31,2021	As at March 31, 2020
Current maturities of long term debts (Refer note no. 19)	62.19	1,340.17
Interest accrued but not due on borrowings	10.21	94.46
Unclaimed Dividends*	14.29	12.14
Other Payable:-		
Payable to Employees	310.92	298.10
Derivative financial instrument (at fair value through P&L and OCI)	10.69	-
Expenses Payable	1,160.87	1,120.67
<b>Total</b>	<b>1,569.17</b>	<b>2,865.54</b>

\* There are no amount outstanding in respect of unpaid dividend for the more than seven years to be transferred to Investor Education and Protection Fund.

26. Other Current Liabilities	Rs. In Lacs	
	As at March, 31,2021	As at March 31, 2020
Advances from customers	1,698.98	1,619.78
Other Payable:-		
Other Statutory dues	400.17	220.43
<b>Total</b>	<b>2,099.15</b>	<b>1,840.21</b>

27. Current-Provisions	Rs. In Lacs	
	As at March, 31,2021	As at March 31, 2020
Provision for employee benefits	66.53	59.43
<b>Total</b>	<b>66.53</b>	<b>59.43</b>

28. Current Income tax Liability	Rs. In Lacs	
Particulars	As at March, 31,2021	As at March 31, 2020
Income Tax Liabilities (net)	-	79.74
<b>Total</b>	<b>-</b>	<b>79.74</b>

29. Revenue from Operations	Rs. In Lacs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Sales of products</b>		
Manufactured goods	47,035.63	41,983.70
Traded goods	1,559.42	1,663.30
Other operating revenue	120.23	64.31
<b>Total Revenue from operations</b>	<b>48,715.28</b>	<b>43,711.31</b>
<b>Details of products sold</b>		
<b>Finished goods</b>		
SSP/GSSP Fertilizer (includes subsidy income of Rs.13817.72 lakhs (Previous year 12197.69 lakhs)	40,371.03	34,559.43
Sulphuric	5,876.36	6,625.74
Oleum 23% and 65%	122.44	172.00
Liquid So3	34.34	70.13
Refined	631.46	556.40
<b>Total</b>	<b>47,035.63</b>	<b>41,983.70</b>

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### Traded goods sold

Soya De-Oiled Cake / NPK Fertilizers (includes subsidy income of Rs. 440.31 lakhs)

(Previous year 461.05 lakhs) 1,559.42 1,663.30

**Total** 1,559.42 1,663.30

### Other Operating Revenue

Sale of Power 6.01 52.86

Miscellaneous 114.22 11.45

**Total** 120.23 64.31

### 30. Other Income

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Interest Income on</b>		
Bank deposits	42.99	49.24
Interest on Income Tax Refund	-	0.06
Electricity Deposits	4.62	4.30
Miscellaneous	5.00	4.28
Govt. Assistance of NPK (Freight Subsidy)	-	161.07
Balances written back	2.42	7.69
<b>Total</b>	55.03	226.64

### 31. Cost of Raw Material Consumed

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Stock	1,992.42	2,105.16
Add: Purchases including related expenses upto the factory site (net of claim)	25,737.48	25,575.16
Less: Closing Stock	2,090.79	1,992.42
<b>Total</b>	25,639.11	25,687.89

### Details of Inventories - Raw Material

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Rock Phosphate (Indigenous)	275.40	322.18
Rock Phosphate (Imported)	481.54	1,087.86
Sulphur	1,036.27	343.31
Sulphuric Acid/Spent Acid	72.08	54.35
Solvent Oil/Refined Oil	0.07	0.05
Others	225.43	184.67
	2,090.79	1,992.42

### Details of raw material consumed

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Rock Phosphate (Indigenous)	3,441.39	3,849.91
Rock Phosphate (Imported)	13,147.30	11,583.11
Sulphur	5,174.72	5,848.92
Sulphuric Acid/Spent Acid	2,208.35	2,885.27
Solvent Oil/Refined Oil	576.04	498.15
Others	1,091.31	1,022.53
	25,639.11	25,687.89

### 32. Change in Inventories

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Inventories at the beginning of the year</b>		
Finished goods	6,299.91	4,613.78
Work in progress	4.29	4.29
Stock-in-trade	1,639.82	12.61
	7,944.02	4,630.68

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Inventories at the end of the year</b>		
Finished goods	6,595.64	6,299.91
Work in progress	4.29	4.29
Stock-in-trade	44.52	1,639.82
	<u>6,644.45</u>	<u>7,944.02</u>
<b>Total</b>	<b>1,299.57</b>	<b>(3,313.35)</b>
<b>Details of Inventories</b>		
<b>Finished Goods</b>		
SSP/GSSP Fertilizers	6,320.70	6,095.91
Sulphuric acid	274.91	203.90
Others	0.03	0.10
	<u>6,595.64</u>	<u>6,299.91</u>
<b>Work in progress</b>		
Soya refined oil	4.29	4.29
	<u>4.29</u>	<u>4.29</u>
<b>Stock-in-trade</b>		
Traded Goods (NPK)	44.52	1,639.82
	<u>44.52</u>	<u>1,639.82</u>

### 33. Employee Benefit Expenses

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	2,403.99	2,028.61
Contribution to provident and other funds	138.01	124.72
Provision for Gratuity and leave encashment	69.31	60.86
Staff Welfare Expenses	60.58	34.24
<b>Total</b>	<b>2,671.89</b>	<b>2,248.43</b>

### 34. Finance Costs

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on loans	1,147.80	1,412.15
Exchange Fluctuation on Borrowing cost*	1.02	219.15
Interest on delayed payments of Statutory dues	49.03	14.30
Interest on Lease	12.40	22.89
Other Borrowing Costs	144.71	141.97
<b>Total</b>	<b>1,354.96</b>	<b>1,810.46</b>

\* Exchange difference arising on borrowing cost is the equivalent amount of interest incurred in the functional currency on availment of a foreign currency loan.

### 35. Depreciation and amortisation expense

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	723.92	753.83
Amortisation on Lease property	95.32	96.53
Amortisation of intangible assets	0.10	1.16
<b>Total</b>	<b>819.34</b>	<b>851.52</b>

### 36. Other expense

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores & spare parts	1,453.60	1,133.21
Packing Material consumed	1,376.31	1,268.80
Power & Fuel	2,032.47	1,842.81
Repair & Maintenance:		
Plant & Machinery	275.92	153.68
Building	140.75	1.26
Others	68.59	80.12
Other Manufacturing expenses	739.93	616.99
Freight Outward	5,675.54	4,610.77
Loading & Unloading expenses	104.47	58.96
Other selling expenses	65.50	75.56
Communication expenses	28.71	28.43
Rent	63.40	71.48
Insurance	63.53	58.35
Legal & Professional charges	61.36	49.31

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

Rates & Taxes	105.89	106.09
Travelling & Conveyance	250.63	284.95
Payment to Auditors (refer note no. 40)	15.83	18.10
Corporate Social Activity (refer note no. 52)	25.23	12.00
Provision for Non - Moving Stores	2.04	66.67
Loss on Sale of Fixed Assets (net)	15.97	-
Donations	0.10	-
Foreign Exchange Fluctuation (including MTM loss) (Net)	68.00	159.97
Bank Charges	3.36	29.29
Impairment allowance (bad and doubtful debts) *	142.66	145.44
Miscellaneous Expenses	335.78	293.80
<b>Total</b>	<b>13,115.57</b>	<b>11,166.04</b>

\* Includes Bad debts written off of Rs Nil (Previous year 18.67 Lakhs)

### 37 Contingent Liabilities & Commitments (to the extent not provided for) :

#### a. Claim against the Company not acknowledged as debts

		Rs. In Lacs
Particulars (Refer Notes 1 & 2 )	As at March 31,2021	As at March 31,2020
Purchase Tax (under appeal) #	0.82	64.20
Royalty on Rock Phosphate claimed by RSMM	158.36	158.36
Sales Trade Tax	1.11	1.11
GST	2.76	-
Income-Tax	130.05	168.67
Central Sales Tax / VAT	122.13	5.92
Labour Case	5.20	5.20
Custom & Excise Duty	185.47	185.47
Bank Guarantee (Secured with FDR)	2,200.56	2,546.63

Note : 1 :The Company has been advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary

Note : 2 Company has paid / duty under protest amounting Rs 75.24 Lacs (Previous Year 136.58 Lacs )

# Purchase Tax (under appeal) net of expense booked .Rs 63.38 Lakhs , Previous year NIL )

### 38 Commitment

Estimated amount of Capital Commitments & Other Commitments (net of advances) not provided for Nil Nil

39. The Company is in the process of obtaining confirmations and reconciliation with its trade receivables, trade payables 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.

### 40. Other disclosure required by statute

		Rs. In Lacs
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Auditor's remuneration</b>		
<b>Statutory Auditors</b>		
Audit fee	7.20	7.20
Limited Review	3.00	3.00
Certification / other services	5.40	5.71
Out of pocket expense	0.23	2.19
<b>Total</b>	<b>15.83</b>	<b>18.10</b>

### 41 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT

Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of The Micro, Small and Medium Enterprises Development Act, 2006, are given below :

		Rs. In Lacs
Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount and Interest due thereon remaining unpaid to any supplier as on	-	-
Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
the amount of interest accrued and remaining unpaid	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### 42 Leases - Company as lessee

#### Operating lease

The Company has entered into certain operating lease agreements and an amount of 63.40 lakhs (previous year 71.48 lakhs) paid under such agreements has been charged to the Statement of Profit and Loss. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

### 43. Earning per share

	Rs. In Lacs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Net Profit as per statement of profit and loss	2,486.67	1,508.05
Face Value of Share	1.00	1.00
Opening Balance of Shares ( nos.)	96,989,200	96,989,200
Add/ ( less) Change in shares during the year	-	-
<b>Closing Balance of Shares (nos.)</b>	<b>96,989,200</b>	<b>96,989,200</b>
Weighted average number of equity shares	96,989,200	96,989,200
<b>Basic &amp; Diluted EPS</b>	<b>2.56</b>	<b>1.55</b>

### 44 Employee benefits

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

#### a) Defined Contribution Plans-charge to the Profit and Loss Account based on contribution

	Rs. In Lacs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Superannuation	6.38	5.87
Provident fund	105.80	92.38
Employee state insurance	25.83	26.47

#### b) Other long-term benefits

Amount recognized as an expense and included in Note 33 Item "Provision for Gratuity and Leave encashment related expenses Rs. 17.71 lakhs (Previous year Rs 16.87 lakhs) for long term compensated Absences.

#### c) Defined benefits plans

- Amount recognized as an expense and included in Note 33 "Contribution to Provident and Other Funds" Rs. 138.01 lakhs (Previous year Rs. 124.72 lakhs) for Provident and other fund
- Gratuity Expense Rs. 51.60 lakhs (Previous year Rs.43.97 lakhs) has been recognized in "Provision for Gratuity and leave encashment" under Note 33. as per Actuarial Valuation

Particulars	Rs. In Lacs			
	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
<b>I Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of the year	486.20	116.60	404.32	102.55
<b>Included in profit and loss:</b>				
- Current Service Cost	40.44	15.17	35.74	14.96
- Interest Cost	34.03	8.16	28.30	7.19
- Past Service Cost				
<b>Included in OCI:</b>				
Actuarial losses/(gains) arising from:				
- Experience adjustments	2.58	(11.25)	55.15	(8.10)
- Financial assumption	-	-	-	-
<b>Others</b>				
Benefits Paid	(32.26)		(37.31)	-
<b>Present Value of obligation at the end of the year</b>	<b>530.99</b>	<b>128.68</b>	<b>486.20</b>	<b>116.60</b>



## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### II. Change in Fair Value of Plan Assets during the year

Rs. In Lacs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
Plan assets at the beginning of the year	326.64	80.53	286.72	75.07
<b>Included in profit and loss:</b>				
Expected return on plan assets	22.87	5.64	20.07	5.26
<b>Included in OCI:</b>				
Actuarial Gain/(Loss) on plan assets	5.44	1.54	(2.83)	0.20
<b>Others:</b>				
Employer's contribution	55.00	-	60.00	-
Benefits paid	(32.26)	-	(37.32)	-
<b>Fair Value of plan assets at the end of the period</b>	<b>377.69</b>	<b>87.71</b>	<b>326.64</b>	<b>80.53</b>

### III. Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets

Rs. In Lacs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
Present Value of obligation as at year-end	(530.99)	(128.68)	(486.20)	(116.60)
Fair value of plan assets at year -end	377.69	87.71	326.64	80.53
Funded status {Surplus/(Deficit)}	(153.30)	(40.97)	(159.56)	(36.07)
<b>Net Asset/(Liability)</b>	<b>(153.30)</b>	<b>(40.97)</b>	<b>(159.56)</b>	<b>(36.07)</b>

### IV. Expenses recognised in the Statement of Profit and Loss

Rs. In Lacs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
Current Service Cost	40.44	15.17	35.74	14.96
Interest Cost	34.03	8.18	28.30	7.19
Past Service Cost	-	-	-	-
Expected return on plan assets	(22.87)	(5.64)	(20.07)	(5.26)
<b>Total Expense</b>	<b>51.60</b>	<b>17.71</b>	<b>43.97</b>	<b>16.89</b>

### V. Expenses recognised in the Statement of Other Comprehensive Income

Rs. In Lacs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
Net Actuarial (Gain)/Loss	2.58	(11.25)	55.15	(8.10)
Expected return on plan assets excluding interest income	(5.44)	(1.54)	2.83	(0.20)
<b>Total Expense</b>	<b>(2.86)</b>	<b>(12.79)</b>	<b>57.98</b>	<b>(8.30)</b>

Rs. In Lacs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded

### VI Contribution of Plan Assets

Equity Instruments	-	-	-	-
Debt Instruments	-	-	-	-
Property	-	-	-	-
Insurance	55.00	-	60.00	-

### VII Bifurcation of PVDBO at the end of the year

Current Liability	193.30	33.68	157.33	25.23
Non-Current Liability	337.70	94.96	328.86	91.34

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

Rs. In Lacs

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded

### VIII Actuarial Assumptions

Discount Rate	7% per annum	7% per annum	7.75% per annum	7.75% per annum
Expected rate of return on plan assets	5% per annum	7% per annum	7.75% per annum	7.75% per annum
Mortality Table	IALM 2012-14	IALM 2012-14	IALM 2012-14	IALM 2012-14
Salary Escalation	5.00% per annum	5.00% per annum	5.00% per annum	5.00% per annum
Turnover Rate- (18 to 30 Years)	5.00% per annum	5.00% per annum	5.00% per annum	5.00% per annum
Turnover rate- (30 to 44 Years)	3.00% per annum	3.00% per annum	3.00% per annum	3.00% per annum
Turnover rate- (44 to 58 Years)	2.00% per annum	2.00% per annum	2.00% per annum	2.00% per annum

IX The expected contribution for Defined Benefit Plan for the next financial year will be Rs. 30.01 lakhs (previous year Rs 37.78 lakhs)

### X Experience Adjustment:

Rs. In Lacs

Gratuity	2020-21	2019-20	2018-19	2017-18	2016-17
Present Value of obligation	530.99	486.20	404.32	332.66	304.99
Fair value of Plan assets	377.69	326.64	286.72	208.01	181.68
Net Asset/(Liability)	153.30	159.56	117.60	124.65	123.31
Actuarial (Gain)/Loss on plan obligation	2.58	55.15	31.87	(27.97)	14.15
Actuarial Gain/(Loss) on plan assets	5.44	(2.83)	(0.24)	(0.99)	(4.35)

Rs. In Lacs

Leave Encashment Compensated Absences	2020-21	2019-20	2018-19	2017-18	2016-17
Present Value of obligation	128.68	116.60	102.55	90.49	75.43
Fair value of Plan assets	87.71	80.53	75.07	65.30	64.65
Net Asset/(Liability)	40.97	36.07	27.48	25.19	10.78
Actuarial Gain/(Loss) on plan obligation	(11.25)	(8.10)	(8.77)	(1.38)	(9.42)
Actuarial Gain/(Loss) on plan assets	1.54	1.54	0.20	(4.35)	0.83

### XI. Sensitivity Analysis

Rs. In Lacs

Gratuity	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	506.39	559.09	461.98	513.94
Future salary growth ( 1% movement)	558.37	506.69	514.22	461.32
Employee turnover ( 1% movement)	534.05	527.50	489.41	482.50

### Long Term Compensated Absences

Rs. In Lacs

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1 % movement)	121.49	136.88	109.81	124.32
Future salary growth (1 % movement)	136.96	121.29	124.40	109.63
Employee turnover ( 1 % movement)	129.73	127.45	117.57	115.46

### XII. Maturity Profile of projected benefit obligation: from the fund

Rs. In Lacs

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Gratuity		Gratuity	
	Funded		Funded	
1st Following Year		193.30		157.33
2nd Following Year		50.61		35.69
3rd Following Year		26.51		40.16
4th Following Year		24.38		22.57
5th Following Year		19.60		20.93
After 5 Years		216.59		209.50

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

### 45 Income Taxes

#### Amount recognised in Statement of Profit and Loss

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current Income Tax</b>		
Current year	693.29	395.74
Adjustment in respect of current income tax for earlier year	7.77	2.95
<b>Total</b>	<b>701.06</b>	<b>398.69</b>
Deferred Tax	669.54	249.18
<b>Total</b>	<b>1,370.60</b>	<b>647.87</b>

### b. Income taxes that are charged or credited directly in equity

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Deferred Tax</b>		
Impact due to fair value of investment other than subsidiary	(4.05)	6.63
Remeasurement of defined benefit plan(actuarial gain/loss)	(5.47)	17.10
Gains & (Losses) in Cash Flow Hedges	67.51	(72.85)
<b>Total</b>	<b>57.99</b>	<b>(49.12)</b>

### c. Reconciliation of Tax expense

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting profit	3,857.27	2155.92
Tax expense @ 34.944%*		
MAT @ 17.47%*	673.94	376.68
<b>Tax effect of expenses that are not deductible for tax purpose</b>		
Effect of expenses not deductible in determining taxable profit	23.68	31.94
Ind As Transition impact on accounting profit	(4.33)	(12.87)
	19.35	19.07
<b>Tax Expense</b>	<b>693.29</b>	<b>395.74</b>

\* tax rate of 34.94% includes corporate tax of 30%, 12% surcharge and Health & Education Cess of 4% on the tax amount

MAT of 17.47% includes MAT of 15%, 12% surcharge and Health & Education Cess of 4% on the tax amount

### d. Reconciliation of deferred tax liabilities (net)

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	866.83	568.53
Deferred Tax recognised in statement of profit and loss	669.54	249.18
Other comprehensive income	(57.99)	49.12
<b>Closing Balance</b>	<b>1478.38</b>	<b>866.83</b>

### e. Deferred tax

#### Deferred tax relates to the followings

Rs. In Lacs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Timing difference on depreciation and amortisation	(218.46)	(104.77)
Remeasurement of borrowings	75.97	(78.27)
Fair value of investments at FVTPL	5.63	(8.21)
Provisions for doubtful debts\Non-moving Items	(38.54)	(57.54)
Losses on Specified Business / Other Business Losses	210.52	965.24
Expense allowed on payment/ settlement basis	(28.51)	(19.47)
MAT credit entitlement	604.93	(398.69)
<b>Total</b>	<b>611.55</b>	<b>298.29</b>

Note: On 20th September, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies with an option to opt for lower tax rates effective 1st April, 2019 subject to certain conditions. The Company is currently in the process of evaluating this option and has considered the rate existing prior to the Ordinance for the purpose of these financial statements.

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

46 Related party disclosures as required by ind AS - 24 (As certified by the management)

**a. List of Related Parties**

**i. Entities with joint control of, or significant influence over, the entity**

Names	Relationship
Shradha Project Limited	Significant influence (with 47.18 % holding)

**II. Key Management Person**

**Executive directors and their relatives**

Names	Relationship
i) Shri Shailesh Khaitan	Chairman & Managing Director
ii) Smt Swapna Khaitan	Wife of Chairman & Managing Director
iii) Shri Utsav Khaitan	Joint Managing Director (Son of Chairman & Managing Director) w.e.f. 01.02.2021
iv) Shri Jagdish Lal Jajoo	Whole Time Director
v) Shri Harsh Vardhan Agnihotri	President & Chief Financial Officer
vi) Shri Kamlesh Joshi	Company Secretary & General Manager
vii) Shri Vijay Gupta	Non executive/ Independent director
viii) Shri Balmukund Dakhera	Non executive/ Independent director
ix) Ms. Veena Chadha	Non executive/ Independent director

**III. Other related parties**

**Enterprises which is under significant influence of KMP and / or their Relatives (with whom transaction have taken place)**

- i) The Majestic Packaging Co Pvt Ltd
- ii) Tri-bhuvan Properties Ltd.
- lii) Arati Marketing Private Limited
- iv) B O Constructions Private Limited
- v) Accord Infra Properties Private Limited
- vi) Lilac Properties Private Limited
- vii) Shradha Technopack Private Limited
- viii) Khaitan Paper & Packaging Pvt Ltd

**b. Transactions carried out with related parties in ordinary course of business**

Rs. In Lacs

Nature of Transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Rent Paid</b>		
Shradha Projects Ltd.	3.60	3.60
B O Constructions Private Limited	55.12	52.50
Khaitan Paper & Packaging Private Limited	1.42	1.42
<b>Interest Paid</b>		
Shradha Projects Ltd.	108.80	88.24
Accord Infra Properties Pvt Ltd	43.79	43.24
Lilac Properties Pvt Ltd	37.04	37.00
Shradha Technopack Pvt Ltd	9.86	30.99
Aarti Marketing Pvt Ltd	1.67	-
<b>Dividend Paid</b>		
Shradha Projects Ltd.	137.28	22.88
The Majestic Packaging Co Pvt Ltd	66.12	11.02
Shri Shailesh Khaitan	10.74	1.79
Smt Swapana Khaitan	3.96	0.66
Shri Utsav Khaitan	0.06	0.01
<b>Director's Sitting Fees</b>		
Shri Vijay Gupta	1.50	1.50
Shri Balmukund Dakhera	1.50	1.43
Ms.Veena Chadha	1.50	1.50
<b>Loan Taken</b>		
Shradha Projects Ltd.	250.00	-
Lilac Properties Pvt Ltd	350.00	625.00
Shradha Technopack Pvt Ltd	-	445.00
Aarti Marketing Pvt Ltd	240.00	

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

Rs. In Lacs

Nature of Transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Remuneration Paid (Note No 1)</b>		
Shri Shailesh Khaitan	191.98	175.38
Shri Jagdishlal Jajoo	14.00	28.41
Shri Utsav Khaitan	102.54	70.00
Shri Kamlesh Joshi	14.09	13.60
Shri Harshvardhan Agnihotri	28.94	46.91
<b>Loan Repaid</b>		
Shradha Projects Ltd.	30.00	-
Tri-bhuvan Properties Ltd.	-	-
Accord Infra Properties Pvt Ltd	-	-
Lilac Properties Pvt Ltd	350.00	625.00
Shradha Technopack Pvt Ltd	220.00	645.00
Arati Marketing Private Limited	240.00	-

Note No 1 Excluding Provision for gratuity & Leave Encashment, which are provided on actuarial basis for the company as a whole. Hence, no separate figures are available.

Note No 2 For the purpose of above disclosure transactions are inclusive of taxes .

### C. Balances with related parties in ordinary course of business

Rs. In Lacs

Nature of Transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Shradha Projects Ltd.</b>		
Interest Payable	-	14.56
Loan Payable	1,020.00	800.00
Investments made	172.54	132.15
<b>Shri Shailesh Khaitan</b>		
Remuneration Payable	8.42	29.67
<b>Shri Utsav Khaitan</b>		
Remuneration Payable	6.53	7.68
<b>Shri Jagdish Lal Jajoo</b>		
Remuneration Payable	0.20	0.77
<b>Shri Harsh Vardhan Agnihotri</b>		
Remuneration Payable	-	-
<b>Shri Kamlesh Joshi</b>		
Remuneration Payable	-	-
<b>B O Constructions Private Limited</b>		
Rent Payable	0.68	0.14
<b>Khaitan Paper &amp; Packaging Pvt Ltd</b>		
Rent Payable	-	1.30
<b>Accord Infra Properties Pvt Ltd</b>		
Interest Payable	-	7.13
Loan Payable	392.00	392.00
<b>Lilac Properties Pvt Ltd</b>		
Interest Payable	-	6.42
Loan Payable	209.00	209.00
<b>Shradha Technopack Pvt Ltd</b>		
Interest Payable	-	5.85
Loan Payable	-	220.00

### 47 Segment information

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods and services. Accordingly, the Company's reportable segments under Ind AS 108 are as follows:

- i) Fertilizers and Chemicals
- ii) Soya / Agro
- iii) Others



# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### a) Segment Revenue & Profit / Loss

Rs. In Lacs

	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Fertilizers and Chemicals	Soya/ Agro	Others	Total	Fertilizers and Chemicals	Soya/ Agro	Others	Total
<b>Revenue (including other income)</b>								
Revenue from external customers	48131.56	632.74	6.01	48,770.31	43328.59	556.50	52.86	43,937.95
Revenues from transactions with other operating segments of the same entity	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>48,131.56</b>	<b>632.74</b>	<b>6.01</b>	<b>48,770.31</b>	<b>43,328.59</b>	<b>556.50</b>	<b>52.86</b>	<b>43,937.95</b>
<b>Results</b>								
<b>Segment Operating Profit/ (Loss) net of allocable expenses</b>	5550.50	(319.50)	(18.77)	5,212.23	4204.05	(250.31)	12.64	3,966.38
Unallocable expenses	-	-	-	-	-	-	-	-
<b>Total operating profit/(loss)</b>				<b>5,212.23</b>				<b>3,966.38</b>
<b>Non-operating expenses</b>								
Interest Expense	-	-	-	1354.96	-	-	-	1810.46
<b>Net Profit</b>				<b>3,857.27</b>				<b>2,155.92</b>
Tax Expense	-	-	-	1,370.60	-	-	-	647.87
<b>Profit After Tax</b>				<b>2,486.67</b>				<b>1,508.05</b>
<b>Capital Expenditure</b>	559.50	-	-	559.50	98.66	-	-	98.66
<b>Unallocated Capital Expenditure</b>								-
<b>Total Capital Expenditure</b>	<b>559.50</b>	<b>-</b>	<b>-</b>	<b>559.50</b>	<b>98.66</b>	<b>-</b>	<b>-</b>	<b>98.66</b>
Depreciation and amortisation	557.95	161.83	24.78	744.56	617.97	175.61	24.78	818.36
Unallocated Depreciation	-	-	-	74.78	-	-	-	33.16
<b>Total depreciation</b>				<b>819.34</b>				<b>851.52</b>
Non cash Expenditure other than Depreciation/ Amortisation	126.11	(2.34)	-	123.77	(36.45)	(0.01)	-	(36.46)
Unallocated Corporate Non Cash Expenses other than Depreciation / Amortisation	-	-	-	-	-	-	-	-
<b>Total non cash expenditure other than Depreciation/ Amortisation</b>	<b>126.11</b>	<b>(2.34)</b>	<b>-</b>	<b>123.77</b>	<b>(36.45)</b>	<b>(0.01)</b>	<b>-</b>	<b>(36.46)</b>

### b) Segment assets and Liabilities

Rs. In Lacs

Nature of Transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Segment assets</b>		
Fertilizers and Chemicals	33,220.57	36926.69
Soya / Agro	1368.84	1630.37
Others	204.75	308.50
Unallocable assets	634.23	203.32
<b>Total</b>	<b>35,428.39</b>	<b>39,068.88</b>
<b>Segment liabilities</b>		
Fertilizers and Chemicals	17,616.26	23,661.78
Soya / Agro	11.60	11.60
Others	18.71	-
Unallocable Liabilities	359.68	89.88
<b>Total</b>	<b>18,006.25</b>	<b>23,763.26</b>

### c) Other information

Rs. In Lacs

	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Fertilizers and Chemicals	Soya/ Agro	Others	Total	Fertilizers and Chemicals	Soya/ Agro	Others	Total
<b>Revenue from major customers</b>								
Revenue from customers exceeding 10% of total revenue	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The company does not have any exports, hence reporting on secondary segment does not arise.

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### 48 Financial Risk Management objectives and Policies

#### Financial risk factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also. Whenever, the currency cover costs are such as to neutralize the advantage in foreign currency, loans are hedged so as to not to lose advantage. The Company uses derivative financial instruments to reduce foreign exchange risk exposures.

This note explain the sources of risk which the entity is exposed to and how the entity manages the risk :

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents , trade receivables	Ageing Analysis , credit risk analysis	Diversification of bank deposits, credit limits and letter of credit
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecast	Availability of committed credit lines and borrowing facilities
Market Risk -Foreign Exchange	Future Commercial transactions, Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity Analysis	Forward foreign exchange contracts Foreign Currency options
Market Risk -Interest Rate	Long term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market Risk -Security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification

#### i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e. currency rate , interest rate and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

#### Foreign Currency Risk and sensitivity

The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to reduce foreign exchange risk exposures and follows its risk management policies to mitigate the same. After taking cognisance of the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

The following table analyses foreign currency risk from financial instruments :

Rs. In Lacs

Particulars	As at March 31, 2021	As at March 31, 2020	Total
	USD	USD	
<b>Financial Assets</b>			
Cash and cash equivalents	-	-	-
Trade receivables	-	-	-
Other financials assets ( including loans)	-	2.20	2.20
<b>Financial liabilities</b>			
Trade payables	35.07	32.53	67.60
Borrowings	-	73.64	73.64
Interest Accrued but not due			
<b>Net assets / (liabilities)</b>	<b>(35.07)</b>	<b>(103.97)</b>	<b>(139.04)</b>

The following significant exchange rates have been applied during the year.

	Year and spot rate	
	March 31, 2021	March 31, 2020
USD	73.5047	75.3859

#### Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

0.25% Increase and decrease in foreign exchanges rates will have the following impact on profit before tax

Rs. In Lacs

Particulars	2020-21		2019-20	
	0.25% Increase	0.25% decrease	0.25% Increase	0.25% decrease
USD Sensitivity	(6.44)	6.44	(19.59)	19.59
<b>Increases/ ( decrease ) in profit or loss</b>	<b>(6.44)</b>	<b>6.44</b>	<b>(19.59)</b>	<b>19.59</b>

# KHAITAN CHEMICALS AND FERTILIZERS LIMITED



## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### Summary of Exchange difference account in Statement of Profit and loss

Rs. In Lacs

Particulars	For the year ended 31, 2021	For the year ended 31, 2020
<b>Currency fluctuations</b>		
Net foreign exchange ( gain)/ losses shown as operating expenses	68.00	159.97
Net foreign exchange ( gain)/ losses shown as Finance Cost	1.02	219.15
<b>Derivatives</b>		
Currency forwards ( gain) / losses shown as operating expenses	-	-
<b>Total</b>	<b>69.02</b>	<b>379.12</b>

### Interest Rate Risk and Sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debt. The Company has entered into various interest rate swap contracts, in which it agrees to exchange, at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon principal amount. Borrowings at variable rates expose the Company to cash flow interest rate risk. With all other variables held constant, the following table demonstrates composition of fixed and floating rate borrowing of the company and impact of floating rate borrowings on company's profitability.

### Interest Rate Risk Exposure

Particulars	As at March 31, 2021		As at March 31, 2020	
	(Rs. in lacs)	(% of Total)	(Rs. in lacs)	(% of Total)
Fixed Rate Borrowings	1,966.39	25.05%	1,698.75	11.67%
Variable Rate Borrowings	5,884.66	74.95%	12,185.82	88.33%
<b>Total Borrowings</b>	<b>7,851.05</b>	<b>100.00%</b>	<b>13,884.57</b>	<b>100.00%</b>

### Sensitivity on Variable Rate Borrowing

Particulars	Impact on Profit & Loss Account		Impact on Equity	
	31- Mar-21	31- Mar-20	31- Mar-21	31- Mar-20
Interest Rate Increase by 0.25%	(14.71)	(30.46)	(14.71)	(30.46)
Interest Rate decrease by 0.25%	14.71	30.46	14.71	(30.46)

### Commodity price risk and sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

### II. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 5,678.23 Lakhs and Rs. 4,829.96 lakhs as of March 31, 2020 and March 31, 2021 respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account as per the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers: Rs. In Lacs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from top customer	3,102.67	2,814.99
Revenue from top five customers	8,517.93	7,622.14

### Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 was 467.67 lakhs.

Rs. In Lacs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning	325.02	198.25
Impairment loss reversed	-	-
Additional provision created during the year	142.65	126.77
<b>Balance at the end</b>	<b>467.67</b>	<b>325.02</b>

The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk

### Ageing Analysis of Trade Receivables

Rs. In Lacs

Particulars	As at March 31, 2021			Total
	Up to Six Months	Six to Twelve Months	Above 12 Months	
Unsecured	3,552.24	145.33	1,132.39	4,829.96
Less: Impairment allowances (bad and doubtful debts)			467.67	467.67
<b>Net Balance</b>	<b>3,552.24</b>	<b>145.33</b>	<b>664.72</b>	<b>4,362.29</b>

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

Rs. In Lacs

Particulars	As at March 31, 2020			Total
	Up to Six Months	Six to Twelve Months	Above 12 Months	
Unsecured	4,388.04	618.81	671.39	5,678.24
Less: Impairment allowances (bad and doubtful debts)	-	-	325.02	325.02
<b>Balance</b>	<b>4,388.04</b>	<b>618.81</b>	<b>346.37</b>	<b>5,353.22</b>

### iii) Liquidity risk

Liquidity risk arises when the Company will not be able to meet its present and future cash and collateral obligations. The risk management action focuses on the unpredictability of financial markets and tries to minimise adverse effects. The Company uses derivative financial instruments to hedge risk exposures. Risk management is carried out by the Finance department under Forex Policies as adopted and duly approved by the Board. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and company monitors rolling forecasts of its liquidity requirements.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021

Rs. In Lacs

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	5,884.66	5,884.66	-	-	5,884.66
Borrowings - Non-Current	1,966.38	62.19	1,904.19	-	1,966.38
Trade payables	4,767.77	4,688.05	79.72	-	4,767.77
<b>Other financial liabilities - Current</b>					
Interest accrued but not due on loans	10.21	10.21	-	-	10.21
Derivative Financial Instruments	10.69	10.69	-	-	10.69
Others	1,486.09	1,486.09	-	-	1,486.09
<b>Other financial liabilities - Non-Current</b>					
Others	53.60	53.30	0.30	-	53.60
Trade Deposits	55.06	-	-	55.06	55.06

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020

Rs. In Lacs

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	10,635.58	10,635.58	-	-	10,635.58
Borrowings - Non-Current	3,248.99	1,340.17	1,908.61	-	3,248.78
Trade payables	5,167.68	5,115.09	52.59	-	5,167.68
<b>Other financial liabilities - Current</b>					
Interest accrued but not due on loans	94.46	94.46	-	-	94.46
Derivative Financial Instruments	-	-	-	-	-
Others	1,430.91	1,430.91	-	-	1,430.91
<b>Other financial liabilities - Non-Current</b>					
Others	152.50	98.91	53.60	-	152.50
Trade Deposits	50.77	-	-	50.77	50.77

### Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

### iv) Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be

Rs. In Lacs

	As at March 31, 2021	As at March 31, 2020
Borrowings	7,851.04	13,884.57
Trade Payables	4,767.77	5,167.68
Other Payables	1,562.05	1,576.14
Less: Cash and cash equivalents including bank balance	623.54	532.75
Less: Current Investments	-	-
<b>Net debt</b>	<b>13,557.32</b>	<b>20,095.64</b>
Equity	17,422.14	15,305.62
<b>Capital and Net debt</b>	<b>30,979.46</b>	<b>35,401.26</b>
Gearing Ratio	44%	57%

## Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021

### 49 Fair Value Measurement

- i) Some of the financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

inputs used):				Rs. In Lacs
Financial Asset (Financial Liabilities)	Fair Value at*		Fair Value Hierarchy	Valuation Technique and key input used
	As at March 31,2021	As at March 31,2020		
1) Foreign currency forward contracts	10.69	(552.11)	Level 2	Refer Note 3
2) Investments in unquoted equity instruments at fair value through other comprehensive income	172.54	132.15	Level 3	Refer Note 4

\*positive value denotes financial asset (net) and negative value denotes financial liability (net)

#### Notes:

- There were no level 1 financial instruments during the period.
- There were no transfers between the Levels for the purpose of fair valuation.
- The following table shows the valuation technique and key input used for Level 2:

Financial Instrument	Valuation Technique	Key Inputs used
Foreign currency forward contracts	Discounted cash flows	Flow Forward exchange rates, contract forward and interest rates, observable yield curves.

4. The following table shows the valuation technique and key input used for Level 3:

Financial Instrument	Valuation Technique	Key Inputs used	Sensitivity
Investments in unquoted equity instruments at fair value through other comprehensive income	Weighted average of Net asset value, discounted cash flows and profit earning capacity.	Projected cash flows, discount for expected rate of capitalisation, return and risk.	A 100 basis points increase/decrease in discount rate holding other variables constant would increase/(decrease) the amount of investment by Rs. 40.38 lakhs (March 31, 2020: Rs. (66.08) Lakhs)

### ii) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required) Rs. In Lacs

	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Financial Assets at amortised cost</b>				
Trade receivables	4362.29	4362.29	5353.22	5353.22
Cash and cash equivalents	33.90	33.90	36.99	36.99
Bank balances other than cash and cash equivalents	589.64	589.64	495.76	495.77
Loans	7.93	7.93	41.63	41.63
Other financial assets	672.00	672.00	1186.43	1186.43
<b>Financial Liabilities at amortised cost</b>				
Borrowings	7851.04	7851.04	13884.57	13884.57
Trade payables	4767.77	4767.77	5167.68	5167.68
Other financial liabilities	1615.65	1615.65	1728.64	1728.64

1. In case of trade receivables, cash and cash equivalents, trade payables, borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.

### iii) Reconciliation of Level 3 fair value measurements for the year ended 31 March 2021:

Nature of Transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
	Investments in unquoted equity instruments at FVTOCI	Investments in unquoted equity instruments at FVTOCI
Opening Balance	132.15	198.23
<b>Total gain or losses</b>		
in profit or loss	-	-
In other comprehensive income	40.38	(66.08)
<b>Closing Balance</b>	<b>172.54</b>	<b>132.15</b>



**Notes to the financial statements for the year ended 31<sup>st</sup> March, 2021****50 Derivative financial instruments**

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

**Forward Contract outstanding for the purpose of hedging at the Balance Sheet Date**

Foreign Currency	As at March, 31,2021		As at March, 31,2020	
	Foreign currency in lacs	(Rs. in lacs)	Foreign currency in lacs	(Rs. in lacs)
<b>Imports/ and other foreign currency payables</b>				
US Dollar	101.13	7,554.08	106.15	8,056.37

**Foreign Currency Exposure not hedged as at the Balance Sheet Date**

Foreign Currency	As at March, 31,2021		As at March, 31,2020	
	Foreign currency in lacs	(Rs. in lacs)	Foreign currency in lacs	(Rs. in lacs)
<b>Imports/ and other foreign currency payables</b>				
US Dollar	-	-	0.08	6.03
Receivables against debit note				
US Dollar	-	-	2.20	165.50

**51. Impact of Covid - 19 on Financials**

The pandemic of Covid-19 (first and second phase), didn't affect Khaitan Chemicals and Fertilizers Limited, to the extent that it could have since the movement and production of fertilizer was not restricted by the Central Government during the lockdown, especially as Fertilizer is covered under the Essential Commodities Act, 1955 and is crucial for farm produce.

Going forward it appears the Government is keen to revive the economy and there are little chances of a country wide lockdown. We are however seeing district-wise lockdowns effected by the state governments while reviewing the local situation. Fertilizer being covered under essential commodities, it is not likely to be restricted. However, the impact of the second wave is yet to be seen. We at our end are taking all precautions to maintain the protocol guidelines laid down by the GOI to keep our employees safe.

**52. Expenditure incurred on corporate social responsibilities**

Details of expenditure on corporate social responsibility activities as per Section 135 of Companies Act, 2013 read with schedule III are as below:

**Rs. In Lacs**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>1. Gross amount required to be spent by the company during the year</b>	24.38	11.53
<b>Total</b>	<b>24.38</b>	<b>11.53</b>
<b>2. Amount spent during the year</b>		
Rural Development Projects (Crematorium Shed)	9.88	-
Promote Rural Sports (Football Play Ground)	7.51	-
Rural Development Projects (Culvert/Bridge)	5.84	-
PM Care fund	2.00	12.00
<b>Total</b>	<b>25.23</b>	<b>12.00</b>

53. Previous year figures have been re-arranged and/or regrouped wherever considered necessary, to confirm current year classification.

54. The financial statements are presented in INR and all value are rounded to the nearest INR Lakhs, except when otherwise indicated.

The accompanying notes 1 to 54 form an integral part of these financial statements.

**For and on behalf of the Board of Directors of Khaitan Chemicals and Fertilizers Limited**

As per our report of even date

**For NSBP & Co.**

Chartered Accountants

Firm's Registration No. : 001075N

**SHAIKESH KHAITAN**  
(Chairman & Managing Director)  
(DIN : 00041247)  
Place : New Delhi

**HARSH VARDHAN AGNIHOTRI**  
(President & Chief Financial Officer)  
PAN No. : ACXPA9315K  
Place : Indore

**DEEPAK K. AGGARWAL**  
Partner  
Membership No. 095541

Place : New Delhi  
Date : May 12, 2021

**UTSAV KHAITAN**  
(Joint Managing Director)  
(DIN : 03021454)  
Place : New Delhi

**CS KAMLESH JOSHI**  
(Company Secretary & General Manager)  
Membership No. : FCS 5096  
Place : Indore

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# BOOK-POST

To,

