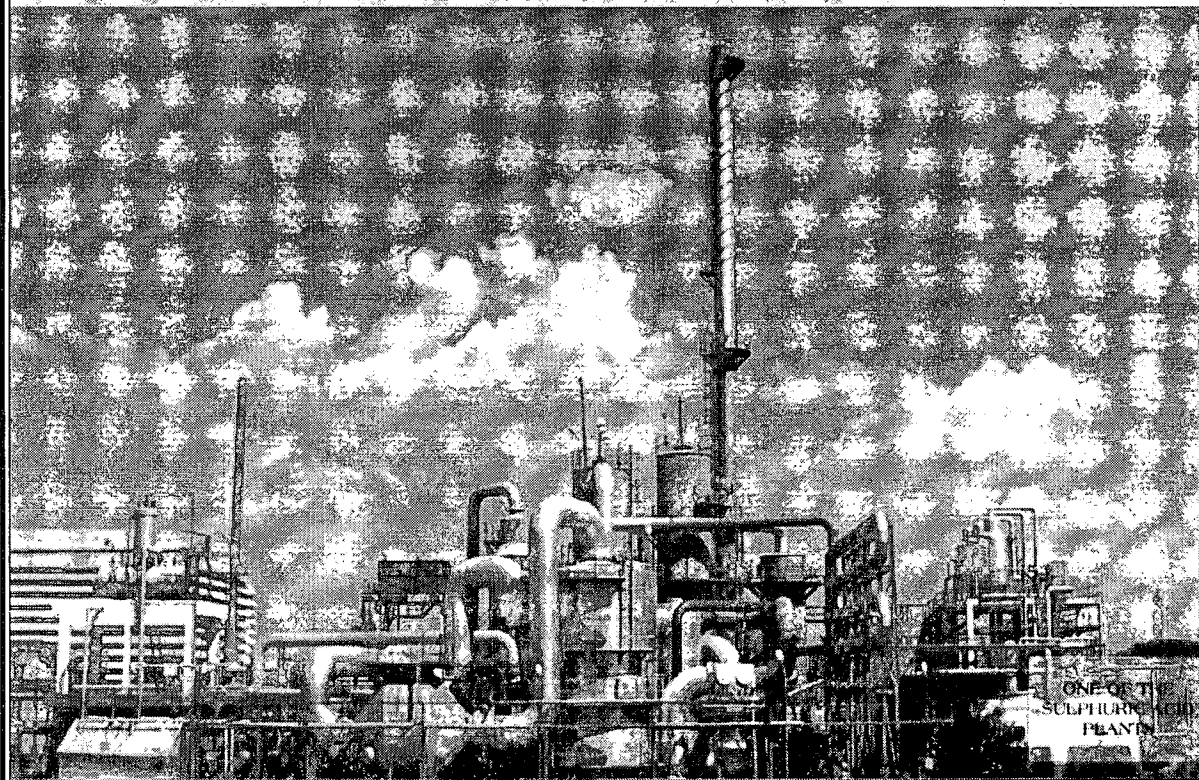
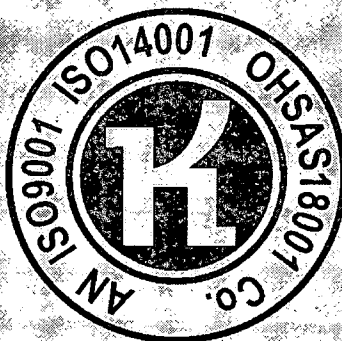


# **KHAITAN CHEMICALS & FERTILIZERS LIMITED**

## **27<sup>th</sup> ANNUAL REPORT**

**2008 - 2009**





# **KHAITAN CHEMICALS & FERTILIZERS LIMITED**

## **ANNUAL GENERAL MEETING :**

Date : 31st July, 2009  
Day : Friday  
Time : 1.00 P.M.  
Place : Registered Office

## **BOARD OF DIRECTORS :**

Shailash Khaitan : Chairman & Managing Director  
J.L. Jajoo : Director  
O.P. Bagla : Director  
Dr. P. Goyal : Director

## **REGISTERED OFFICE :**

A. B. Road, Village Nimrani,  
Tehsil Kasrawad,  
Dist. Khargone - 451 569 (M.P.)

## **PRESIDENT & SECRETARY:**

R. S. Vijayvargiya

## **INDORE OFFICE :**

301-308, Apollo Arcade,  
1/2, Old Palasia,  
Indore - 452 018 (M.P.)

## **AUDITORS:**

S. S. Kothari Mehta & Co.  
146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road,  
New Delhi-110 065

## **DELHI OFFICE :**

201, Skipper House,  
62-63, Nehru Place,  
New Delhi-110 019

## **SOLICITORS:**

Khaitan & Partners,  
Himalaya House, 23, Kasturba Gandhi Marg,  
New Delhi-110 001

## **KOLKATA OFFICE :**

46-C, Rafi Ahmed Kidwai Road,  
3rd Floor,  
Kolkata-700 016

## **BANKERS:**

State Bank of India  
State Bank of Indore  
IDBI Bank Ltd.

## **WORKS :**

### **Fertilizer & Chemicals Division:**

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

### **Soya Division (Khaitan Agro):**

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

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## **Listing of Shares:**

The Mumbai Stock Exchange (B.S.E.)

Stock Code: 507794

ISIN No.: INE745B01010 (NSDL & CDSL)

**Note :** As per SEBI Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 it will be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares in physical form of listed companies. In absence of above transfers will be liable to be rejected. Shareholders are therefore required to submit transfer deed alongwith a copy of PAN Card for transfer of shares.



खेतान केमिकल्स एंड फर्टिलाइजर्स लि. की निमरानी स्थित इकाई को लगातार चतुर्थ वर्ष "पर्यावरण सुरक्षा अवार्ड" फर्टिलाइजर्स एसोसिएशन ऑफ इंडिया नई दिल्ली द्वारा वर्ष 2007-08 के लिये केन्द्रीय कृषि सचिव भारत सरकार श्री अतुल चतुर्वेदी द्वारा प्रदान किया गया। दृष्टव्यः कम्पनी के प्रेसिडेंट श्री आर.एस. विजयवर्गीय पुरस्कार प्राप्त करते हुए। समीप श्री के.एस.राजू अध्यक्ष एफ.ए.आई. तथा श्री ए. वैल्लायन सह अध्यक्ष एफ.ए.आई.।

## NOTICE

NOTICE is hereby given that the **TWENTY SEVENTH ANNUAL GENERAL MEETING OF KHAITAN CHEMICALS & FERTILIZERS LTD.** will be held at the Registered Office of the Company at A. B. Road, Village NIMRANI, Tehsil Kasrawad, Dist. Khargone, Madhya Pradesh on Friday, the 31st day of July, 2009 at 1.00 P.M. to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2009 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri O.P. Bagla, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and subject to the approval of the shareholders in the general meeting the consent of the Company be and is hereby accorded to the Board of Directors to borrow any sum or sums of money from time to time from any one or more of the Company's bankers in the ordinary course of business in excess of the aggregate of the paid up capital and free reserves of the Company notwithstanding that moneys to be borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, Reserves not so set apart for any specific purpose provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the aggregate of the paid up capital and free reserves of the Company by more than the sum of Rs. 400 Crores (Rs. Four Hundred Crores only)."

Registered Office:  
A. B. Road, Village-Nimrani,  
Dist. Khargone (M.P.)  
Date: 16.05.2009

By Order of the Board  
S/d

(R. S. Vijayvargiya)  
President & Secretary



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

## NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and such proxy need not be a member of the Company. Proxy Form must reach the Company's Registered Office at least 48 hours prior to the time of holding the meeting.
2. Member(s)/Proxies should bring the attendance slip annexed herewith duly filled in for attending the meeting.
3. The Register of Members and Transfer Book of the Company will remain closed from 24th July, 2009 to 31st July, 2009 (both days inclusive).
4. Members are requested to notify to the Company immediately, quoting Registered Folio No., Change in their Address, if any, with the pin code number.
5. 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.
6. 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.
7. Shareholders who are still holding physical share certificate are advised to dematerialise their shareholding to avail benefit of dematerialisation.
8. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 1999-2000 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to section 205C of the Companies Act, 1956.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the President & Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
10. Explanatory Statement pursuant to provisions of Sec. 173(2) of the Companies Act 1956 is annexed.

## EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF THE COMPANIES ACT 1956:

### Item No. 5

As the Company plans expansion of its business by setting up new projects to meet the financial requirements, the Board of Directors may borrow for/on behalf of the Company further sums of money in excess of Company's paid up capital and its free reserves and it is desirable that as a matter of abundant caution, to provide a sufficient margin for such loans to be covered by the borrowing powers of the Board. Therefore in terms of Section 293(1)(d) of the Companies Act, 1956, the resolution is recommended for approval of the Shareholders of the Company for increase in the authorised sum which may be borrowed by the Board of Directors from Rs. 200 Crores to Rs. 400 Crores. None of the directors is concerned or interested in the said resolution.

Your Directors recommend its approval.

Registered Office:

A. B. Road, Village-Nimrani,

Dist. Khargone (M.P.)

Date: 16.05.2009

By Order of the Board

S/d.

(R. S. Vijayvargiya)

President & Secretary

## Details of Director seeking re-appointment at the Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri O.P. Bagla
Age	66 years
Qualification	Chartered Accountant
Date of Appointment	7th March, 1989
Expertise	Rich and vast experience in the field of Taxation and Finance.
Other Directorships (excluding Pvt. Companies) as on 31st March, 2009	Nil
Chairman / Member of the Committees as on 31st March, 2009	1. Khaitan Chemicals & Fertilizers Ltd. <b>Member :</b> 1. Audit Committee 2. Shareholder's / Investor's Grievance Committee <b>Chairman:</b> 1. Audit Committee 2. Shareholder's / Investor's Grievance Committee

# **KHAITAN CHEMICALS & FERTILIZERS LIMITED**



## **DIRECTORS' REPORT**

To the members,

Your Directors have pleasure in presenting the 27th Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2009.

### **FINANCIAL RESULTS**

(Rs. in lacs)

	2008-2009	2007-2008
Surplus before interest and depreciation	4481.66	2898.96
Less: Interest & Financial Expenses	1963.59	901.65
Cash Profit before tax	2518.07	1997.31
Less: Depreciation	683.77	668.01
Misc. Expenses Written off	1.35	2.06
Surplus before tax	1832.95	1327.24
Prior Period adjustments	(202.94)	(16.49)
Profit /(Loss) before taxation	1630.01	1310.75
Provision for current tax	(532.26)	(315.59)
Deferred Tax	(10.22)	(99.65)
Fringe Benefit Tax	(18.56)	(14.95)
Profit /(Loss) after taxation	1068.97	880.56
Income Tax of earlier year	42.26	21.38
Add: Transfer from Capital Subsidy	2.09	1.42
Net Profit/(Loss)	1028.80	903.36
Add: Profit/(Loss) B/F from previous year	1584.72	985.61
Less: Transfer to -		
- General Reserve	100.00	100.00
- Proposed Dividend	174.58	174.58
- Corporate Dividend Tax	29.67	29.67
Balance carried to Balance Sheet	2309.27	1584.72

### **DIVIDEND**

Your Directors are pleased to recommend Rs. 1.80 per share (Previous Year: Rs. 1.80 per share) Dividend on Equity Shares.

### **PROJECT & FINANCE**

Due to uncertainties in the economic environment, the Company has neither undertaken any major capital expenditure nor any loan has been raised from banks / financial institutions during the year.

Rock Phosphate, one of the key raw materials in SSP industry is in short supply in the country as a result in the coming years SSP industry will have to depend on the imported Rock Phosphate and realizing this future hardship your company is planning to set up a SSP plant at Dahej, Gujarat and has accordingly acquired land.

Total Capital outlay on Dahej plant is expected to be around Rs. 2000 - 2500 Lacs.

### **PERFORMANCE & FUTURE PLAN**

The Soybean season has started alongwith economic turmoil across the world which had led to take cautious approach about the commodity prices. However, Soybean prices have started rising with no infront crushing margin throughout the year.

Consequently, the crushing of Soybean during the year is significantly low.

On announcing new rational policy of SSP Fertilizer in April' 08, the Company has geared up to produce single super phosphate amidst rising Sulphur prices and Rock Phosphate inspite of delay in release of subsidy.

The Company has to suffer considerable loss due to sudden fall in sulphur prices during Sept 2008 - Nov. 2008 for its normal inventory. The prices of Sulphuric Acid had made the operation of Sulphuric Acid Plant unviable. The steep



# **KHAITAN CHEMICALS & FERTILIZERS LIMITED**

depreciation of the Rupee against US Dollar also resulted in incurring considerable loss of Rs. 794.79 Lacs during the year. (Previous Year: Profit Rs. 286.77 Lacs).

In spite of all these, Company's overall performance could be said satisfactory.

## **AMALGAMATION**

Company's application to Hon'ble High Court of Madhya Pradesh, Bench at Indore, for seeking amalgamation of the Shobhan Enterprises Private Ltd. with the Company w.e.f. April 1, 2007 (the transfer date) is still pending.

However, now the Company has acquired 400000 Shares at an investment of Rs 240 Lacs and therefore thinks it fit to withdraw the amalgamation petition.

## **DIRECTORS**

Shri O.P. Bagla retires by rotation and being eligible offers himself for re-appointment. Particulars of the retiring Director are given in the notes forming part of the notice for the ensuing Annual General Meeting.

## **FIXED DEPOSITS**

During the year under review the Company has not accepted any deposits from the public, pursuant to the provisions of Section 58A of the Companies Act, 1956 and the Deposit Rules.

## **AUDITORS & AUDIT REPORT**

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, Auditors of the Company hold office till the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limit prescribed u/s 224 (1) of the Companies Act, 1956.

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

M/s. M. P. Turakhia & Associates, Cost Accountants were appointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of its Fertilizers and Sulphuric Acid products for the financial year 2009-2010.

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

Information as specified U/S 217 (1) (e) of the Companies Act, 1956 is given in Annexure A in **Form-A**.

Your Directors are of the opinion that the Company has already opted for latest technology for producing Single Super Phosphate, Sulphuric Acid, Seed Processing & Oil Refinery. Hence, information specified to be given in **Form-B** is not applicable.

## **FOREIGN EXCHANGE EARNING AND OUTGO**

The Company has earned Rs. NIL on export of goods (Previous year Rs. 2320.96 lacs) and incurred Rs. 3760.52 lacs (Previous year Rs. 1866.04 lacs) on import of Raw Materials, Fees & Subscription and Interest on Foreign Currency Loan.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217 (2AA) of the Companies (Amendment) Act, 2000, 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. the directors 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 statement of affairs of the Company at the end of the Financial year ended 31.03.2009 and of the Profit and Loss of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In accordance with the listing agreement, the management discussion and analysis report is given in **Annexure - B**.

## **CORPORATE GOVERNANCE**

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investors' confidence, improve investors' protection and maximizing long-term shareholder's value. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Compliance Report on Corporate Governance and Auditors' Certificate regarding compliance of conditions of Corporate Governance is given in **Annexure - C**.

## **LISTING OF SHARES**

The shares of the Company are listed at The Stock Exchange Mumbai (BSE), which provides wider access to the investor nationwide.

The Company has made all the compliances of Listing Agreement including payment of annual listing fees to the Stock Exchange BSE.

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## PARTICULARS OF EMPLOYMENT

Information as per the requirement of Section 217(2A) of the Companies Act, 1956 is given in **Annexure-A**.

## ACKNOWLEDGEMENT

Your Directors would like to thank the State Bank of India, State Bank of Indore, IDBI Bank Ltd., various Departments/ Agencies of Central/State Govt., Shareholders, Employees and Business Associates of the Company for their continued co-operation received during the year.

For and on behalf of the Board

Place: New Delhi

Date: 16.05.2009

**(SHAILESH KHAITAN)**

CHAIRMAN & MANAGING DIRECTOR

## Annexure - 'A'

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	<b>8999815</b>	9300739
Total amount (Rs. in Lacs)	<b>465.45</b>	482.36
Rate/Unit (Rs.)	<b>5.17</b>	5.19
b) Own generation:		
i. Through diesel generator Units	<b>31534</b>	133866
Total amount (Rs. in Lacs)	<b>4.17</b>	15.21
Rate/Unit (Rs.)	<b>13.22</b>	11.36
ii. Through steam turbine Units	<b>4299995</b>	6911050
Total amount (excluding co-generation)	-	-
(* Net of Self Consumption in TG)		
<b>2. Coal:</b>		
Quantity (In MT)	<b>5014</b>	9794
Total Cost (Rs. in Lacs)	<b>222.11</b>	362.43
Rate/Unit (MT) (Rs.)	<b>4429.75</b>	3700.00
<b>3. Furnace oil:</b>		
Quantity (K. Lts.)	<b>402</b>	187
Total Amount (Rs. in lacs)	<b>93.53</b>	42.83
Average Rate /Lt.	<b>23.27</b>	22.95

### B. CONSUMPTION PER UNIT OF PRODUCTION:

Item	Product	Current Year	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	<b>25</b>	31
	S.A./Oleum/Liquid So3	<b>61</b>	63
	Soya Oil/Doc	<b>45</b>	42
Coal (KG/MT)	Soya Oil/Doc/Power	<b>79</b>	86

Statement Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975 & Forming part of Directors' Report:

Name of Employees/his Qualification/designation	Age/No. of years Experience	Date of Commencement of Employment	Remuneration (Rs. in Lacs)	Last Employment
Employed through out the year. Shri Shailesh Khaitan B.Com (Hons.)/ Chairman & Managing Director	53/29	01-09-84	72.56 lacs	Managing Director M/s. Majestic Packaging (P) Ltd. Calcutta..

Remuneration includes salary, commission, leave travel assistance and expenditure incurred by the Company on other perquisites valued in accordance with the Income Tax Rules, 1962.



Annexure - 'B'

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 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.

### BUSINESS OVERVIEW:

The Company is mainly engaged in the manufacturing of Single Super Phosphate (Fertilizer) / Acid and Edible Oil. Both the segments are related to Agriculture and dependent on monsoon.

With a view to provide low cost fertilizer to the farmers of the country, a portion of the manufacturing cost is borne by Government in form of Fertilizers Subsidy as an aid to promote agricultural activities. Due to inadequate allocation in budget, there is always a backlog in the release of fertilizer subsidy which is causing immense problems in getting through the fund requirements for day to day operations in the fertilizer industry. The Government of India has always been in a dilemma to handle this increasing budgetary support to the sector.

India being the second largest economy by population is yet not self sufficient to meet its edible oil requirements. The bitter truth is that prices of edible oil have gone up substantially high across the globe on short supply & diversion of oil seeds to the making of Biofuel. India is therefore compelled to shell out a large portion of its foreign exchange in importing edible oil. The Government of India has shown concern to encourage the production of oil seed crops.

### 1. INDUSTRY STRUCTURE AND OPPORTUNITIES & THREATS

#### Fertilizer & Chemicals Division:

India is a predominantly agricultural country wherein conventional agricultural practices are still being pursued by the Indian farmer who is still devoid of using most efficacious quality seeds & fertilizer due to poor economic condition. This calls upon an absolute need to educate the farmer to use the appropriate Fertilizer suiting the mineral contents of the soil. Major portion of the Indian farmland is sulphur deficient, which adversely affects the desired crop yield. To overcome this an ideal N. P. K. S. ratio is must. SSP Fertilizer is therefore counted upon since it contains a proper blend of Phosphate, Sulphur & Calcium.

SSP Fertilizer being a low cost Fertilizer suitably meets the essential nutrient requirements of the soil and hence its popularity among Indian farmers will always move a step further as and when farmers are made aware and educated. Major focus of the Fertilizer industry would be of timely release of Fertilizer subsidy from the Government. Blockage of subsidy funds with Government adversely affects the Working Capital Requirements of the Company leading to restrained operations and reduced profits.

There has been unprecedented fluctuation in the price of raw material and finished goods of the fertilizer / acid division, thereby wanting a high level of inventory management skill.

Due to reduced domestic & international demand large metal smelter have started disposing off huge quantity of sulphuric acid in the market at throw away prices which has impacted the business of producing sulphuric acid from the elemental sulphur.

Unlike Yester-years SSP industry in times to come will be confronting the problem of limited availability of Indigenous Rock Phosphate which will actually compel the SSP Industry to depend on Imported Rock Phosphate leading to higher raw material cost and higher blockage of funds with the Government.

From April, 2008 the Government has made applicable the fertilizer subsidy based on the cost of production which is a welcome step for the industry for sure. The Government has already undertaken its cost study by Tariff Commission so as to keep off the grievances of the industry.

Today Urea and DAP fertilizers are dominant fertilizers being used in India, Government and Ministry of Fertilizers should therefore take steps to promote the use of SSP Fertilizers which besides being a low cost fertilizer is environmental friendly and is consistent with various necessary micro nutrients required for a good crop yield.

#### Soya Division

Your Company is engaged in the business of Crushing Soybean seed and refining of crude soybean oil and producing value added products of soybean. Ideal location of our plant i.e., at the heart of Soybean cultivation area assure us an added advantage in operations.

Soybean Oil and Soybean Meal have huge demand in the International market and their dominance in the edible oil will continue to persist in future also. Soybean products find their use in both human feed as well as animal feed and are a major source of low cost, high protein vegetarian feed.

Soybean Meal is in great demand from the European and Asian countries as it finds its use as protein source feed for poultry, hogs, beef, dairy and fishery industry.

Soybean finds its way in production of Soy flour, Soy Sauce and high fiber breads, bakery & confectionary items since



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



it contains nearly 36-40 percent vegetarian protein source .

India is, prima facie, deficient in oilseed production. This calls upon a further need to increase the cultivation of oilseeds and boosting the crop yield by using modern agriculture techniques, which will in turn lead to release of pressure on country's foreign exchange reserve.

Non GMO soybean products being produced in India make it the most preferred supplier for European & Asian countries. Undoubtedly, business environment for soybean industry is bright in India and will keep on flourishing . However, being an agriculture based industry, the performance of the industry will highly depend upon on good monsoon season .

Being an international commodity, soybean prices are highly influenced by international factors which lead to high fluctuation in the prices of the same. Volatility involved in the business has increased many folds since past two years thereby enhancing the need of perfect vision and planning .

For last six years, NCDEX, NBOT and MCX (the future commodity & derivatives exchanges) have proved to be a major market force in the edible oil sector. Your company also deals in the same to hedge its oil inventory to counter the high volatility in the Oil prices and also take position in the oilseeds to overcome the slow arrival of soyseed in the market.

## 2. SEGMENT-WISE BUSINESS REVIEW AND OPERATIONAL AND FINANCIAL PERFORMANCE:

The Company has two business segments viz. Fertilizer & Chemicals and Soya. Segment-wise details of the business are given in the foregoing paragraphs:

The summarized performance in terms of production and Sales for last 5 years is as under:

Particular	Unit	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Production:</b>						
SSP	MT	226000	175450	327308	299739	262571
Sulphuric Acid	MT	62423	82678	137056	167971	125061
Oleum/Liquid So3	MT	4659	5511	4945	5938	4722
Seed Crushing	MT	51395	133575	149493	70501	44529
Refined Oil	MT	11895	19637	23478	12778	6464
<b>Sales:</b>						
SSP	MT	220259	222065	307776	294834	262081
Sulphuric Acid	MT	35668	49374	53143	89648	54451
Soya Oil*	MT	12284	25361	24479	13141	8254
De-Oiled Cake	MT	46143	111539	125365	58467	36840

\*Including Solvent Extraction Oil.

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

(Rs. In Lacs)

Particular	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Sales:</b>					
Fertilizer & Chemicals	22059.26	13295.84	14493.64	13883.26	10708.84
Soya	13568.56	26428.93	23023.51	10579.25	7708.87
<b>PBIDT:</b>					
Fertilizer & Chemicals	4240.29	1784.39	994.56	1603.53	989.67
Soya	87.07	977.39	1801.12	592.71	650.46
<b>EPS (Rs.):</b>	10.61	9.31	9.54	9.23	4.75
<b>DIVIDEND:</b>	18%	18%	18%	18%	15%

The performance of fertilizer division is substantially dependent on Government's rational fertilizer subsidy policy and the availability of Rock Phosphate. Blockage of fertilizer subsidy funds with the Government also adversely affects the operational efficiency of the fertilizer division.

Fertilizer consumption however depends on good rains thereby making operations and profitability of fertilizer division rely on a good monsoon in the country .

The performance of Soya division shall depend upon timely monsoon as well as international price of edible oil and Soymeal besides managing the volatile conditions.

Soya DOC is mainly exported in international markets with a small demand from the domestic front .Hence realization from sale of Soya DOC is largely dependent upon prices prevailing in the international market. Soybean oil produced is sold in



## KHAITAN CHEMICALS & FERTILIZERS LIMITED

local markets in bulk quantity and only a minor portion is being sold in packed form.

Due to high level of fluctuations in the prices of finished goods and raw material Company has adopted a conservative approach in its operations so as to ensure making out reasonable profits on its investment.

### 3. FUTURE OUTLOOK:

#### Fertilizer & Chemicals Division

Limited availability of Indigenous Rock Phosphate will be a matter of concern for the Industry as reliance on Imported Rock Phosphate will increase. Future outlook for Fertilizer Industry will depend on concrete will of the Government to make India self dependent in Agro products. Additional production of food grain will have to come from increased productivity in the farming sector, resulting in higher demand for fertilizers and other Agri-inputs.

The Company would like to remain leader in the areas of its operation i.e. Madhya Pradesh, Rajasthan and Uttar Pradesh and making sure its presence in other areas i.e. Chhattishgarh and Maharashtra. Besides, in order to become more logistic efficient it has planned to put up SSP Plant at Dahej (Gujarat).

Company's basic strengths which is, prima facie, the barometer of its progress promises a better performance in the forthcoming year.

#### Soya Division

Oil seed production for the current year 2009-10 is expected to be better due to higher acreage consequent to good realisation in the current season with expected normal rainfall. The higher crushing capacity shall present a good opportunity for crushing of larger tonnage in peak season.

### 4. RISKS AND CONCERNS

The Company is exposed to risks in fertilizers business due to uncertainty in the availability of Raw Materials, changes in the government policies and blocking of funds in Fertilizer subsidy.

As the Company is Agro based, its performance shall always be dependent on vagaries of monsoon. The delayed and uneven monsoon affects the capacity utilisation and profitability of the industry.

We are continuously repositioning ourselves according to the changing market scenario and strengthening our competitive position.

### 5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate system of internal controls which ensures that its assets are protected against loss from unauthorized use or disposition and all transactions are authorized, recorded and reported in conformity with generally accepted accounting principles. The financial and commercial functions have been structured in such a manner so as to provide adequate support and controls for the business of the company.

The Company has a regular process of internal audit by M/s. Krishnan Rakesh & Co., Chartered Accountants whose scope of work and work programme is formalised with the Audit Committee. The findings of Internal Auditors are discussed with the Audit Committee and adequate steps are taken accordingly.

The Board of Directors has an Audit Committee, whose Chairman is an Independent Director. The Committee meets periodically to review internal controls, Audit Programmes and Results, Recommendations of the Auditors and Management's replies to those recommendations.

The Company has also put lot of emphasis in the systemization of the various plant operations and has also been accredited with ISO 9001-2000, ISO 14001 and OHSAS 18001 certification.

### 6. HUMAN RESOURCE AND INDUSTRIAL RELATIONS:

To speak in both wide and comprehensive terms, Company's highly consistent & well maintained team has a great determination in its development. The fact cannot be discarded outright that this motivated and self contained force of the Company works in unison thereby maintaining extremely cordial and healthy industrial relations.

### 7. ENVIRONMENTS AND SAFETY:

The Company possesses sound environmental management system for treatment and safe disposal of all process wastes ensuring strict compliance with the environmental legislation for prevention of air and water pollution.

The Company was awarded consecutively for fourth year with "Environmental Protection Award" from 'THE FERTILIZER ASSOCIATION OF INDIA' for its NIMRANI Plant.

### 8. CONCLUSION

The Company dwells on chalking out the best possible future plans and policies so as to avoid dumping into pitfalls and following the best course in the long run. Water tight labels cannot be attached to a single motive force rather many factors, to mention a few, Company's long term vision, focus on asset utilization and relentless strengthening of its internal efficiencies being the major one substantially contribute to bringing out the best from the gross root level and hence can be tagged as the life blood of Company's economic progress for sure.

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



Annexure - 'C'

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

### 2. BOARD OF DIRECTORS:

#### COMPOSITION, MEETINGS AND ATTENDANCE:

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

During the financial year ended on March 31, 2009, Four Board Meetings were held on April 29, 2008, July 26, 2008, October 24, 2008 and January 28, 2009.

The Company's last Annual General Meeting (AGM) was held on 26th July, 2008.

The Board's Composition and Categories as on 31st March, 2009 and the attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) are as under:

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

### 3. COMMITTEES OF THE BOARD:

#### A. AUDIT COMMITTEE:

##### BROAD TERMS OF REFERENCE

The present strength of the Audit Committee is three. Shri O. P. Bagla, is the Chairman of the Audit Committee of the Company. All the members of the Audit Committee are independent and Non-Executive Directors. The terms of reference and the role of Audit Committee is to overview the accounting systems, financial reporting and internal control system of the Company. The powers and role of the Audit Committee are set out in the clause 49 of Listing Agreement and section 292A of the Companies Act, 1956.

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

The Audit Committee consisted of the following members as on 31st March, 2009:

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

During the financial year ended March 31, 2009, four Audit Committee Meetings were held on April 29, 2008, July 26, 2008, October 24, 2008 and January 28, 2009.

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

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

#### B. REMUNERATION COMMITTEE

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

Details of remuneration paid to Executive Director in the financial year 2008-2009

(Rs. In lacs)

Name of the Director	Designation	Salary	Commission	Perks & Allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	52.47	9.43	10.66	72.56	5 years



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

Details of Sitting Fee paid to Non-Executive Directors in the financial year 2008-2009.

Non-executive Directors are paid sitting fees of Rs. 5000/- (increased from Rs. 2000/- to Rs. 5000/- w. e. f. 24.10.2008 as per Board Resolution dated 24.10.2008 for attending each meeting of the Board and committees thereof.

S. No.	Name of the Director	Sitting Fees (in Rs.)
1	Shri J. L. Jajoo	28,000
2	Shri O. P. Bagla	42,000
3	Dr. P. Goyal	42,000

## C. SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE:

### FUNCTION

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

### COMPOSITION

The constitution of the Shareholders/Investor Grievance Committee is as under:

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

During the financial year ended March 31, 2009, four Shareholders/Investor Grievance Committee Meetings were held on April 29, 2008, July 26, 2008, October 24, 2008 and January 28, 2009.

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

(c) **Secretary to the Committee:** Mr. R. S. Vijayvargiya, President & Secretary of the Company and also member of the Shareholders/Investor Grievance Committee acts as the Secretary of the Committee.

## 4. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Shri R. S. Vijayvargiya  
President & Secretary  
Khaitan Chemicals & Fertilizers Ltd.  
Apollo Arcade, 3rd Floor, 1/2, Old Palasia, INDORE-452 018.  
Tel. No. 0731-2564936-37, Fax No. 0731-2562572

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

The total number of complaints received, and replied to the satisfaction of the SEBI and shareholders etc. during the year ended March 31, 2009 were 318. Outstanding complaints as on March 31, 2009 were Nil. The number of pending share transfers was Nil and pending requests for dematerialisation was for CDSL-32 shares & NSDL-NIL as on March 31, 2009. These have been since approved / dematerialised.

## 6. ANNUAL GENERAL MEETINGS:

Location and time, where the last three Annual General Meetings were held are given below:

Financial Year	Date	Location of the Meeting	Time
2005-2006	July 31, 2006	Registered Office of the Company	1.00 P.M.
2006-2007	July 30, 2007	Registered Office of the Company	1.00 P.M.
2007-2008	July 26, 2008	Registered Office of the Company	1.00 P.M.

## 7. DISCLOSURES:

a. There are no materially significant transactions with the related parties viz Promoters, Directors or the Management,

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



their subsidiaries or relatives conflicting with the company's interests. Suitable disclosure required by the Accounting Standard (AS 18) has been made in the Annual Report.

- b. No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- c. 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.
- d. The senior Management of the Company has confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions with the Company that may have a potential conflict with the interest of the company at large.
- e. The Board of Directors has approved a code of business conduct and ethics for directors and senior management of the Company. The Code of Conduct is available on the website of the Company: [www.khaitanchemfert.com](http://www.khaitanchemfert.com)
- f. **President & Secretary Certification issued pursuant to Clause 49(V) of the Listing Agreement:**

To,

The Board of Directors

Khaitan Chemicals & Fertilizers Ltd.

New Delhi

I, R.S. Vijayvargiya, President & Secretary of the company, be and is hereby certify that:

- a. I have reviewed the financial statements and cash flow statement of Khaitan Chemicals & Fertilizers Ltd. for the year ended March 31, 2009 and state that to the best of my knowledge:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable law and regulations.
- b. There are to the best of my knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of Conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and for evaluating the effectiveness of internal control system of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, the deficiency in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to rectify the deficiencies.
- d. I have indicated to the Auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Your Sincerely

Place: New Delhi

Date: 16.05.2009

**R.S. VIJAYVARGIYA**  
PRESIDENT & SECRETARY

## 8. MEANS OF COMMUNICATION:

- (i) The quarterly and half-yearly results are published in the following newspapers namely The Economic Times (all editions), Free Press (English) and Chautha Sansar (Hindi).
- (ii) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.
- (iii) Company has a WEBSITE, which can be visited at [www.khaitanchemfert.com](http://www.khaitanchemfert.com). The website contains the profile of the Company, quarterly/yearly financial results and other necessary details.

## 9. COMPLIANCE CERTIFICATE

The Certificate regarding compliance of conditions of Clause 49 of the Listing Agreement from the Auditors of the Company is annexed hereto.



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

## SHAREHOLDERS INFORMATION

**Regd. office:** A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.)-451569

**Annual General Meeting:** Date and Time : 31st day of July, 2009, at 1.00 P.M.

Venue : Registered office of the Company at- A. B. Road,  
Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.)-451 569

### Financial Calendar:

- Financial reporting for the quarter ending June 30, 2009 : On or before July, 2009
- Financial reporting for the half year ending September 30, 2009 : On or before October, 2009
- Financial reporting for the quarter ending December 31, 2009 : On or before January, 2010
- Financial reporting for the year ending March 31, 2010 : On or before May, 2010

**Date of Book Closure:** 24th July, 2009 to 31st July, 2009 (both days inclusive) for payment of Dividend.

### Listing on Stock Exchanges:

The Stock Exchange, Mumbai (BSE).

**Stock Code:** 507794

### Stock Market Data:

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

Month	High	Low	Volume of Shares Traded
April, 2008	71.00	49.05	95647
May, 2008	68.00	48.00	104915
June, 2008	57.00	46.00	113382
July, 2008	51.65	42.00	23185
August, 2008	54.90	43.30	36101
September, 2008	48.50	28.55	26243
October, 2008	36.90	22.70	59534
November, 2008	40.00	29.00	20569
December, 2008	37.00	29.00	17628
January, 2009	39.70	26.50	19718
February, 2009	29.70	20.50	12294
March, 2009	24.80	17.55	29662

### Registrar and Share Transfer Agents (Physical & Electronic Connectivity):

The Company has appointed M/s Ankit Consultancy Pvt. Ltd. as Registrar and Share Transfer Agent, having its Registered Office at 2nd Floor, Alankar Point, Geeta Bhawan Chouraha, Indore (M.P.)-452 018 for both connectivity (Physical & electronic).

### Share Transfer System:

Share transfer requests received in physical form are registered within 15 days from the date of receipt and Demat requests are normally confirmed within an average of 7 days from the date of receipt.

As per SEBI Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 it will be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares in physical form of listed companies. In absence of above transfers will be liable to be rejected. Shareholders are therefore required to submit transfer deed alongwith a copy of PAN Card for transfer of shares.

### Share Transfer Record :

Year	January, 2009 Till March 2009	2008	2007	2006	2005
Shares transferred	391	11903	8834	12471	36560
No. of transfers	15	171	358	503	929

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## Shareholder services, enquiries, complaints:

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

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

## Distribution of shareholding as on March 31, 2009:

No. of Equity Shares held	No. of shareholders	% of share-holders	No. of shares held	% of shareholding
Upto 500	32796	98.74	1044520	10.77
501 to 1000	184	0.55	149998	1.55
1001 to 2000	106	0.32	164371	1.69
2001 to 3000	40	0.12	101383	1.05
3001 to 4000	20	0.06	70985	0.73
4001 to 5000	16	0.05	75932	0.78
5001 to 10000	24	0.07	166654	1.72
10001 and above	29	0.09	7925077	81.71
<b>Grand Total</b>	<b>33215</b>	<b>100.00</b>	<b>9698920</b>	<b>100.00</b>

## Categories of Shareholders as on March 31, 2009:

Category	No. of shares Held	% of Shareholding
Promoters	7273617	74.99
Financial Institutions, Mutual Fund and Banks	145524	1.50
Private Corporate Bodies	465280	4.80
Non-residents / OCBs	123542	1.27
Indian Public	1690957	17.44
<b>Total</b>	<b>9698920</b>	<b>100.00</b>

## Dematerialisation of Shares and liquidity:

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

At present, the Company's shares are fully available for trading in the depository systems of both NSDL and CDSL. As on 31st March, 2009, 8664568 equity shares of the Company, which amount to 89.34% of the equity capital exist under the electronic form. Those shareholders who have still not got their shares dematerialised, are advised to do so, as soon as possible, in view of many advantages that exist therein.

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

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



# **KHAITAN CHEMICALS & FERTILIZERS LIMITED**

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

**Fertilizer & Chemicals Division:**

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

**Soya Division (Khaitan Agro):**

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

**Investor Correspondence:**

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

**Secretarial Department:**

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

**Registrar & Share Transfer Agent:**

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

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

The Members,  
Khaitan Chemicals & Fertilizers Limited,

We have examined the compliance of conditions of Corporate Governance by Khaitan Chemicals & Fertilisers Limited, for the year ended March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

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

**(CA ATUL SEKSARIA)**

Partner  
Membership No. 86370

Place : New Delhi  
Date : 16.05.2009



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## AUDITORS' REPORT TO THE MEMBERS OF KHAITAN CHEMICALS & FERTILISERS LTD.

1. We have audited the attached balance sheet of Khaitan Chemicals & Fertilizers Limited as at 31st March, 2009, the profit and loss account and also the cash flow statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books except in case of leave encashment as mentioned in (vi) below;
  - iii. The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except as stated in (vi) below regarding pending compliance of Accounting Standard-15 (Employee Benefits) issued by the Institute of Chartered Accountants of India;
  - v. On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi. *The gratuity and leave encashment are accounted for and disclosed as stated in the Note No. B-7 of Schedule 17 of the Financial Statement. The unprovided liability for gratuity is unascertained and for leave encashment, it is estimated to be Rs.35 lacs. The aforesaid provision and disclosure is not in accordance with the requirements of AS-15 (Employee Benefits) issued by the Institute of Chartered Accountants of India. Impact of the same on the current year's Profit & Loss A/c is unascertained.*
  - vii. Subject to our observation in para (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2009;
    - b) in the case of profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Chartered Accountants

**(CA ATUL SEKSARIA)**

Partner

Membership No. 86370

Place : New Delhi

Date : 16.05.2009

### "Annexure to Auditor's Report"

(As referred to in paragraph '3' of our report to the members of Khaitan Chemicals & Fertilizers Limited on the accounts as at & for the year ended 31st March 2009)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory of the Company has been physically verified by the management during the year (except for stock of Rock Phosphate and Sulphur 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.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us, discrepancies noticed on physical verification of inventory as compared to the books records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the Company has granted inter-corporate loans/ advances to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans was Rs. 2255.94 lacs and Rs. 1598.47 lacs respectively.
- (b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.
- (c) The receipt of principal amounts and interest have been regular during the year.



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

- (d) There is no overdue amount outstanding at the end of the year in respect of above loans/advances.
- (e) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii)(f) and (iii)(g) of paragraph of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. Further, on the basis 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 nor have been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all the particulars of contracts or arrangements that need to be entered in to the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained in pursuance to section 209 (1) (d) of Companies Act, 1956 in respect of single super phosphate, 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. However, we have not carried out a detailed examination of such records to verify its authenticity and accuracy.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and 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, the particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute, are as follows: -

S. No.	Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
1.	Commercial Tax Act, 1974	Sales Tax/ Trade Tax	0.60 Lacs	2001-02	Tribunal Commercial Tax, Bhopal
2.	Commercial Tax Act, 1974	Entry tax	0.11 Lacs	1991-92	Tribunal Commercial Tax, Bhopal
3.	Mines and Minerals (Development and Regulation) Act, 1957	Royalty on rock phosphate	158.36 Lacs	2004-05	High Court, Rajasthan
4.	Purchase Tax Act	Purchase Tax	203.05 Lacs	2004-05	High Court of Madhya Pradesh, Jabalpur

- (x) The company does not have any accumulated losses as at 31st March 2009 and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) Based on our audit procedure and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- (xiv) The company has maintained proper records of transactions & contracts for purchase & sale of securities during the year under review & timely entries were made therein. All the shares, securities and other investments have been held by the Company in its own name.
- (xv) As per the information and explanations given to us and on our examination of records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2009.

for **S.S. KOTHARI MEHTA & CO.**  
Chartered Accountants  
**(CA ATUL SEKSARIA)**  
Partner  
Membership No. 86370

Place : New Delhi  
Date : 16/05/2009

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in lacs)

	Schedule No.	As at 31.03.2009	As at 31.03.2008
<b>1. SOURCES OF FUNDS</b>			
Share Holders' Funds:			
- Capital	1	969.89	969.89
- Reserves & Surplus	2	6,889.08	6,066.62
Loan Funds :			
- Secured Loans	3	8,160.06	9,462.97
Deferred Tax	4	1,619.21	1,608.99
<b>Total</b>		<u>17,638.24</u>	<u>18,108.47</u>
<b>2. APPLICATION OF FUNDS</b>			
Fixed Assets:	5		
- Gross Block		16,316.77	15,960.38
- Less: Depreciation		7,575.46	6,952.63
- Net Block		<u>8,741.31</u>	<u>9,007.75</u>
- Add : Capital Work in Progress		1.05	25.70
		<u>8,742.36</u>	<u>9,033.45</u>
Investments	6	261.50	21.50
Current Assets, Loans & Advances:	7		
- Inventories		5,324.61	7,252.10
- Sundry Debtors		612.57	1,135.13
- Cash & Bank Balances		665.54	692.87
- Other Current Assets		5,121.91	1,225.70
- Loans & Advances		2,253.25	2,587.54
		<u>13,977.88</u>	<u>12,893.34</u>
Less: Current Liabilities & Provisions	8	5,344.06	3,841.73
<b>Net Current Assets</b>		<u>8,633.82</u>	<u>9,051.61</u>
Miscellaneous Expenditure	9	0.56	1.91
<b>Total</b>		<u>17,638.24</u>	<u>18,108.47</u>
Significant Accounting Policies and Notes on Accounts	17		

**R.S. VIJAYVARGIYA**  
(President & Secretary)

**SHAILESH KHAITAN**  
(Chairman & Managing Director)

**J.L. JAJOO**  
**O.P. BAGLA**  
**DR. P. GOYAL**  
(Directors)

As per our report of even date attached  
for **S.S. Kothari Mehta & Co.**  
Chartered Accountants

PLACE: NEW DELHI  
DATED: 16.05.2009

**(CA ATUL SEKSARIA)**  
Partner  
M.No. 86370

**KHAITAN CHEMICALS & FERTILIZERS LIMITED****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

(Rs. in lacs)

	Schedule No.	Year Ending 31.03.2009	Year Ending 31.03.2008
<b>INCOME:</b>			
- Sales (Gross)		35,627.82	39,724.77
- Less: Excise Duty		549.59	468.37
- Sales (Net)		35,078.23	39,256.40
- Other Income	10	11.99	50.36
- Increase/(Decrease) in stock	11	(1,646.87)	(1,268.72)
		<b>33,443.35</b>	<b>38,038.04</b>
<b>EXPENDITURE:</b>			
- Raw Material consumed	12	24,276.40	29,089.18
- Purchase of Trading goods		26.17	833.07
- Salaries, Wages & Other Benefits to Employees	13	537.24	514.23
- Manufacturing & Other Expenses	14	2,735.88	2,859.36
- Selling Expenses	15	1,386.00	1,843.24
- Financial Expenses	16	1,963.59	901.65
- Miscellaneous Expenditure written off		1.35	2.06
		<b>30,926.63</b>	<b>36,042.79</b>
<b>Profit before depreciation and extraordinary items</b>		<b>2,516.72</b>	<b>1,995.25</b>
Depreciation		683.77	668.01
<b>Profit before extraordinary items</b>		<b>1,832.95</b>	<b>1,327.24</b>
Less: Prior period adjustments (Note 14-Schedule 17B)		202.94	16.49
<b>Profit before taxation</b>		<b>1,630.01</b>	<b>1,310.75</b>
Provision for Current tax		(532.26)	(315.59)
Provision for Deferred tax		(10.22)	(99.65)
Fringe Benefits Tax		(18.56)	(14.95)
<b>Profit after taxation</b>		<b>1,068.97</b>	<b>880.56</b>
Less / (Add): Income Tax/FBT of earlier year		42.26	(21.38)
Add : Transferred from Capital Subsidy		2.09	1.42
<b>Net Profit</b>		<b>1,028.80</b>	<b>903.36</b>
Add: Profit/(Loss) brought forward from previous year		1,584.72	985.61
<b>Amount available for appropriation</b>		<b>2,613.52</b>	<b>1,888.97</b>
<b>Appropriations:</b>			
- Transfer to General Reserve		100.00	100.00
- Proposed Dividend			
Dividend	174.58		174.58
Dividend Distribution Tax thereon	29.67	204.25	29.67
- Balance carried to Balance Sheet		<b>2,309.27</b>	<b>1,584.72</b>
		<b>2,613.52</b>	<b>1,888.97</b>
Earnings per share ( Basic & Diluted )(in Rs.)		10.61	9.31
(Note 13-Schedule 17)			
Significant Accounting Policies and Notes on Accounts	17		

**J.L. JAJOO****O.P. BAGLA****DR. P. GOYAL**

(Directors).

**R.S. VIJAYVARGIYA**

(President &amp; Secretary)

**SHAILESH KHAITAN**

(Chairman &amp; Managing Director)

As per our report of even date attached  
for **S.S. Kothari Mehta & Co.**

Chartered Accountants

PLACE: NEW DELHI  
DATED: 16.05.2009**(CA ATUL SEKSARIA)**

Partner

M.No. 86370

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



Schedule No.1 to 17 annexed to and forming part of the Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended 31st March, 2009:

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised :</b>		
22000000 (Previous year 12000000) Equity Shares of Rs. 10/- each	2,200.00	2,200.00
<b>Issued :</b>		
9712442 (Previous year 9712442) Equity Shares of Rs. 10/- each	971.24	971.24
<b>Subscribed &amp; Paid up :</b>		
9698920 (Previous year 9698920) Equity Shares of Rs. 10/- each fully paid up	969.89	969.89
	<u>969.89</u>	<u>969.89</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS :</b>		
<b>Capital Reserve:</b>		
- Reserve arising on waiver of Loans ( related to erstwhile Mahadeo Fertilizers Ltd)	554.48	554.48
- Amalgamation Reserve	906.96	906.96
- Share Forfeiture Reserve	2.61	2.61
- Central Investment Capital Subsidy	57.83	59.92
- State Investment Pioneer Subsidy	30.00	30.00
- Share Premium Account	2,152.58	2,152.58
<b>General Reserve:</b>		
- As per last Balance Sheet	775.35	675.35
- Add: Transfer from Profit & Loss account	100.00	100.00
	<u>875.35</u>	<u>775.35</u>
<b>Surplus in Profit &amp; Loss account</b>	<u>2,309.27</u>	<u>1,584.72</u>
	<u>6,889.08</u>	<u>6,066.62</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS:</b>		
<b>TERM LOANS:</b>		
- From Banks	3,761.68	4,751.88
(Secured by equitable mortgage of Company's immovable properties and also hypothecation by way of first charge of movable as well as immovable assets both present and future ranking pari-passu subject to prior charge in favour of the Company's bankers on Stock of Raw Materials, Finished Goods, Stores and Spares and Book debts for working capital borrowings and second charge on the entire current assets of the Company and guaranteed by Shri Shailesh Khaitan in his personal capacity, except for vehicle loans which are secured by hypothecation thereof )		
<b>CASH CREDIT &amp; WORKING CAPITAL DEMAND LOAN :</b>	4,398.38	4,711.09
(Secured by hypothecation of Company's stock of Raw Materials, Finished Goods, Stock in Process, Stores and Spares, Packing Materials etc. including Goods in Transit, Outstanding monies, Book-debts, Receivables etc. and secured by way of second charge over the Company's entire fixed assets and guaranteed by Shri Shailesh Khaitan in his personal capacity).		
	<u>8,160.06</u>	<u>9,462.97</u>
<b>NOTE : Term Loans Repayable within one year</b>	<u>1,141.00</u>	<u>1,300.84</u>



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>SCHEDULE - 4</b>		
<b>DEFERRED TAX:</b>		
<b>Deferred Tax Liabilities (Net)</b>		
Depreciation	1,597.94	1,584.44
Others	21.27	24.55
	<b>1,619.21</b>	<b>1,608.99</b>

## SCHEDULE - 5

### FIXED ASSETS:

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
OF ASSETS	As at 31.03.2008	Addi- tions	Adjustments/ Deduction	As at 31.03.2009	up to 31.03.2008	Sale /Adj- ustments	During the year	up to 31.03.2009	as at 31.03.2009
Freehold Land & Site									
Development	249.43	2.74	-	252.17	-	-	-	-	252.17
Leasehold Land	35.08	377.50	-	412.58	-	-	-	-	412.58
Building	2,818.39	18.15	-	2,836.54	658.67	-	76.38	735.05	2,101.49
Plant & Machinery	11,956.44	33.94	49.31	11,941.07	5,907.45	31.59	552.15	6,428.01	5,513.06
Electric Installation	306.56	-	-	306.56	147.07	-	11.64	158.71	147.85
Furniture & Fixtures	103.55	1.71	-	105.26	70.06	-	4.90	74.96	30.30
Office Equipments	84.42	6.21	-	90.63	36.80	-	4.19	40.99	49.64
Lab & Other Equipments	16.89	0.14	-	17.03	7.37	-	0.47	7.84	9.19
Vehicles	319.63	25.94	61.89	283.68	85.82	29.11	26.96	83.67	200.01
Electrical Appliances	10.52	-	-	10.52	6.97	-	0.40	7.37	3.15
Fire Fighting Equipments	2.84	-	-	2.84	1.45	-	0.11	1.56	28
Computers	56.63	2.07	0.81	57.89	30.97	0.24	6.57	37.30	2,159
<b>Total (A)</b>	<b>15,960.38</b>	<b>468.40</b>	<b>112.01</b>	<b>16,316.77</b>	<b>6,952.63</b>	<b>60.94</b>	<b>683.77</b>	<b>7,575.46</b>	<b>8,741.31</b>
Capital Work in Progress	25.70	1.05	25.70	1.05	-	-	-	-	1.05
<b>Total (B)</b>	<b>15,986.08</b>	<b>469.45</b>	<b>137.71</b>	<b>16,317.82</b>	<b>6,952.63</b>	<b>60.94</b>	<b>683.77</b>	<b>7,575.46</b>	<b>8,742.36</b>
Previous year	15,053.21	1,143.40	210.53	15,986.08	6,404.58	119.96	668.01	6,952.63	9,033.45

### NOTES:

1. Depreciation has been provided on SLM rates after taking into consideration the revised rates of depreciation vide Circular No.14/93-1/12/92 -CL-V dated 20.12.93 issued by Ministry of Law, Justice and Company Affairs, Department of Company Affairs. Further, while applying the new rates of depreciation, the Company has adopted the option of applying the new rates on the original cost of the assets in accordance with the above Circular.
2. Amortisation of Leasehold Land is not being done as the same is on perpetual lease.
3. The Company has treated its Sulphuric Acid Plant, Soya Oil Plant and Turbo Generator as continuous process plant and depreciation charged accordingly.
4. Vehicles includes one Car purchased for Rs.100.65 lacs for which registration in the name of the Company is still pending.
5. Vehicles includes motor cars taken on hire purchase of Rs.1493270 (previous year Rs.929082).

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
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## SCHEDULE - 6

### INVESTMENTS:

#### LONG TERM (NON-TRADE, AT COST)

#### UNQUOTED:

Khaitan Commercial Services Private Limited [175000 shares  
(Previous year 175000) of face value Rs. 10/- per share]

17.50                      17.50

Shobhan Enterprises Pvt. Ltd. [404000 shares  
(Previous year 4000) of face value Rs. 10/- per share]

244.00                      4.00

261.50                      21.50

**Note:** No investment is held in bodies corporate under the same management.

## SCHEDULE - 7

### CURRENT ASSETS, LOANS & ADVANCES :

#### a. Inventories (as taken, valued and certified by the management):

- Finished Goods/Traded Goods	1,852.74	3,460.27
- Stock in Process	2.82	42.16
- Raw Materials	2,470.27	2,696.05
- Raw Materials in Transit	6.52	111.16
- Stores & Spares	992.26	942.46
	<u>5,324.61</u>	<u>7,252.10</u>

#### b. Sundry Debtors:

(Unsecured)

##### (a) over six months:

- Considered Good	58.66	32.57
- Considered Doubtful	10.18                      68.84	5.82

##### (b) Others :

- Considered Good	553.91	1,102.56
- Considered Doubtful	553.91	-

622.75                      1,140.95

Less: Provision for Doubtful debts                      10.18                      5.82

612.57                      1,135.13

#### c. Cash & Bank Balances:

- Cash in hand	4.84	18.42
- With Scheduled Banks		
- in current account	99.05	325.94
- in fixed deposit account	561.19	348.05
[kept as Margin Money with Bank Rs. 560.99 lacs, (previous year Rs. 347.85 lacs) and deposited with Govt. Authorities as security Rs. 0.20 lacs, (previous year Rs. 0.20 lacs)]		
- With Other Banks (Max. balance during the year Rs. 0.46 lacs, (previous year Rs. 0.46 lacs)	0.46	0.46
	<u>665.54</u>	<u>692.87</u>



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

(Rs. in lacs)

	As At 31.03.2009	As At 31.03.2008
<b>d. Other Current Assets :</b>		
Fertilizer Subsidy receivable:		
- Own account	4,747.18	834.16
Less: Subsidy payable to Bank of India on realisation	(142.87) <b>4,604.31</b>	(142.87)
Other receivables	<b>517.60</b>	534.41
	<b>5,121.91</b>	1,225.70
<b>e. Loans &amp; Advances:</b>		
(Unsecured - considered good, unless otherwise stated, recoverable in cash or in kind or for value to be received):		
-Advances to Plant Suppliers, Contractors, Stores & Raw Material Suppliers (Including Capital Advances Rs. Nil ; previous year Rs. 19.76 lacs and net of provision for doubtful advances of Rs.Nil previous year Rs.3.20 lacs)	<b>166.31</b>	340.55
- Staff Advances	<b>19.03</b>	20.66
- Other Advances	<b>1,694.92</b>	1,761.77
- Security Deposits ( including with Govt. Dept. Rs. 89.61 lacs; previous year Rs. 92.81 lacs)	<b>170.49</b>	180.88
- Tax/Duty deposited under protest	<b>3.54</b>	3.25
- Sales Tax / VAT Refundable	<b>105.07</b>	92.36
- Cenvat Credit Receivable	<b>93.16</b>	187.50
- Balance with Central Excise Department	<b>0.73</b>	0.57
	<b>2,253.25</b>	2,587.54

## SCHEDULE - 8

### CURRENT LIABILITIES & PROVISIONS :

#### Current Liabilities:

- Sundry Creditors		
- Capital Goods / Services	<b>56.81</b>	115.69
- Others	<b>3,605.88</b>	1,261.26
- Advances from Customers	<b>372.57</b>	1,403.46
- Security Deposits	<b>19.69</b>	27.02
- Due to Directors	<b>2.77</b>	37.25
- Other Liabilities	<b>566.51</b>	627.53
- Investor Education and Protection Fund		
- Dividend	<b>26.43</b>	19.45
	<b>4,650.66</b>	3,491.66

#### Provisions:

- Proposed Dividend( including Dividend Distribution Tax thereon)	<b>204.25</b>	204.25
- Provision for Tax(Net of Advance Tax)	<b>489.15</b>	145.82
	<b>5,344.06</b>	3,841.73



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



(Rs. in lacs)

As At  
31.03.2009      As At  
31.03.2008

## SCHEDULE - 9

### MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED):

Preliminary / Share Issue Expenses :

Balance as per last Balance Sheet	0.09	0.89
Add : Additions during the year	-	-
	<u>0.09</u>	<u>0.89</u>
Less : Written off to the Profit & Loss Account	<u>0.09</u>	<u>0.80</u>
		0.09

### Deferred Revenue Expenses :

Balance as per last Balance Sheet	1.82	3.08
Add : Additions during the year	-	-
	<u>1.82</u>	<u>3.08</u>
Less : Written off to the Profit & Loss Account	<u>1.26</u>	<u>1.26</u>
	<u>0.56</u>	<u>1.82</u>
	<u>0.56</u>	<u>1.91</u>

(Rs. in lacs)

Year ending  
31.03.2009      Year ending  
31.03.2008

## SCHEDULE - 10

### OTHER INCOME :

- Miscellaneous Receipts	4.25	29.96
- Balances & Provisions written off/written back (net)	4.59	9.59
- Profit on Sale of Fixed Assets	3.15	10.81
	<u>11.99</u>	<u>50.36</u>

## SCHEDULE - 11

### INCREASE /( DECREASE ) IN STOCK OF FINISHED GOODS AND STOCK IN PROCESS:

- Closing Stock	1,855.56	3,502.43
- Less : Opening Stock	3,502.43	4,771.15
	<u>(1,646.87)</u>	<u>(1,268.72)</u>

## SCHEDULE - 12

### RAW MATERIALS CONSUMED :

- Opening Stock	2,696.05	1,726.36
- Add : Purchases including related expenses upto the factory site (net of claims)	24,050.62	30,058.87
	<u>26,746.67</u>	<u>31,785.23</u>
- Less : Closing Stock	2,470.27	2,696.05
	<u>24,276.40</u>	<u>29,089.18</u>

## SCHEDULE - 13

### SALARIES, WAGES & OTHER BENEFITS TO EMPLOYEES:

- Salaries , Wages & Other Benefits	428.86	401.97
- Employees Welfare , LTA & Medical Reimbursement	66.68	67.49
- Gratuity	4.79	5.09
- Contribution towards Employees' Provident Fund/E.S.I.	26.12	25.80
- Bonus	10.79	13.88
	<u>537.24</u>	<u>514.23</u>



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

(Rs. in lacs)

	Year ending 31.03.2009	Year ending 31.03.2008
<b>SCHEDULE - 14</b>		
<b>MANUFACTURING &amp; OTHER EXPENSES :</b>		
- Stores & Spares consumed	970.35	884.39
- Power & Fuel	697.74	867.77
- Communication Expenses	30.02	30.74
- Rent	40.82	38.54
- Insurance	39.49	51.20
- Rates & Taxes	9.47	23.62
- Repairs & Maintenance :		
- Plant & Machinery	334.32	274.92
- Building	18.91	18.98
- Others	58.36	47.13
- Less : Scrap Sales	(23.67)	(45.24)
- Travelling & Conveyance :		
- Directors	2.26	4.30
- Others	87.85	84.91
- Recruitment Expenses	0.28	0.32
- Auditors Fees & Expenses	8.83	8.51
- Cost Audit Fees & Expenses	0.53	0.53
- Other Manufacturing Expenses	279.89	401.22
- Miscellaneous Expenses	156.41	154.44
- Provision for Doubtful Debts	4.36	-
- Loss on Sale of Fixed Assets	19.66	13.08
	<b>2,735.88</b>	<b>2,859.36</b>

## SCHEDULE - 15

### SELLING EXPENSES :

- Transportation	1,256.72	1,593.06
- Storage Charges	5.77	21.60
- Loading & Unloading	69.18	137.43
- Advertisement	0.31	3.30
- Sales Promotion	3.72	7.47
- Cash Discount	38.14	33.73
- Others	12.16	46.65
	<b>1,386.00</b>	<b>1,843.24</b>

## SCHEDULE - 16

### FINANCIAL EXPENSES :

#### Interest on :

- Term Loan	441.11	519.89
- Cash Credit	557.80	456.54
- Others	205.78	122.08
	<b>1,204.69</b>	<b>1,098.51</b>
Less : Interest Received	(188.84)	(45.21)
(TDS Rs 43.12 lacs, previous year Rs 9.92 lacs)	<b>1015.85</b>	<b>1,053.30</b>
Foreign Exchange Fluctuation	794.79	(286.77)
Bank Charges & Guarantee Commission	152.95	135.12
	<b>1,963.59</b>	<b>901.65</b>

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## SCHEDULE - 17

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

[Annexed to and forming part of the Balance Sheet and Profit & Loss Account for the year ended 31st March, 2008]

#### A. SIGNIFICANT ACCOUNTING POLICIES:

##### 1 Basis Of Preparation Of Financial Statements

The Financial Statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The Financial Statement has been prepared under the historical cost convention on an accrual basis except employees benefits to the extent as in Point-11 below. The Accounting Policies have been consistently applied by the Company.

##### 2 Use of Estimates

The preparation of Financial Statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of Financial Statements and the reportable amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known /materialized.

##### 3 Revenue Recognition

- a. **Sale** - Sale is recognized upon the transfer of significant risks and reward of ownership to the customers. Sales (Gross) are inclusive of Excise Duty, Fertilizer Subsidy, Net of Discounts and Sales Return.
- b. **Interest** - Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.
- c. **Subsidy** - Fertilizer Subsidy, wherever applicable, is accounted for on actual sales.

##### 4 Fixed Assets

- a. Fixed Assets are carried at cost less depreciation and impairment loss, if any. The Cost of Fixed Assets including cost of acquisition and directly attributable cost for bringing the assets in an operational condition for their intended use including pre-operative expenditure till commencement of commercial production and other incidental expenses subsequent thereto up to the date of stabilization of production but excluding taxes and duties there on, if any.
- b. Machinery Spares/ Standby equipments which can be used only in connection with an item of Fixed Assets and whose use is expected to be irregular are capitalized.
- c. Capital Works-in-Progress is carried at cost and also includes capital advances.

##### 5 Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of Assets. A Qualifying Asset is one that necessarily takes substantial period of time to get ready for intended use.

All other borrowing costs are charged to revenue.

##### 6 Depreciation

- a. Depreciation of Fixed Assets has been provided on straight line method at the rates and manner specified under the Schedule XIV (as amended) to the Companies Act, 1956.
- b. Amortisation on leasehold land is provided over the primary lease period excluding on perpetual lease.
- c. Fixed Assets costing up to Rs.5,000/- are being fully depreciated in the year of acquisition.

##### 7 Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors.

If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognised in the Profit & Loss Account to the extent the carrying amount exceeds 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.

##### 8 Foreign Exchange Transaction

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of the transaction.



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange difference arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded / reported in previous financial statements are recognized as income / expense in the period in which they arise.

Non-monetary items are carried at cost.

## 9 Investments

Investments are classified as long term or current. Long term investments are stated at acquisition cost. Provision for diminution in the value of long term strategic investments is made only if such a decline is other than temporary. Current investments are valued at the lower of cost and market rate on individual investments basis.

## 10 Inventories

Valuation of Stock is done as follows:

(a)	Raw material, Packing material and Stores & Spares	At lower of cost and net realizable value
(b)	Stock in progress	At cost
(c)	Finished Goods	At lower of cost (raw material and appropriate proportion of overheads) and net realizable value

Notes: - Costs of Inventories are determined on basis in the quarterly weighted average method for Fertilizer Division and FIFO for Agro Division.

## 11 Employee Benefits

Company has taken a policy with LIC to cover the gratuity liability of its employees and contribution to LIC is charged to Profit & Loss Ac/.

Leave Encashment expenses is also charged to Profit & Loss A/c as and when paid to the employee.

## 12 Taxation

Income Tax expense comprises of current tax, deferred tax charge or credit and fringe benefit tax. Provision for current tax is made with reference to taxable income computed for the financial year, for which the financial statements are prepared by applying the tax rates as applicable.

Deferred income tax charge reflects the impact of current period timing differences between taxable income and accounting income. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realization in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws, to reassess realizations/liabilities

## 13 Provisions, 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. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized not disclosed in the financial statements.

## 14 Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with "Accounting Standard 20 - Earnings 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 and in the absence of the Dilutive shares, Basic and Dilutive Earning Per Share is same.

## 15 Capital Subsidy

Capital subsidy against Fixed Assets is accounted for on receipt basis and is being shown under Capital Reserve. Further, in accordance with the guidelines issued by ICAI, proportionate amount to the extent of depreciation charged, is being transferred to the Profit & Loss Account.

## 16 Miscellaneous Expenditure:

- Preliminary and Share issue expenses are charged to revenue over a period of 10 years.
- Expenses incurred in relation to mergers/acquisitions are considered as deferred revenue expenditure to be

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



amortised over a period of five years from the year in which the mergers/acquisitions become effective.

- c. Payments towards entrance fees of Future Commodity Exchanges and refinery product launch expenses are considered as deferred revenue expenditure and amortised over a period of five years.
- d. In accordance with Accounting Standard - 26 on 'Intangible Assets', from the year 2003-04, Miscellaneous expenditure incurred by the Company is being charged off to the Profit & Loss Account, unless it qualifies to be an 'Intangible Asset', in which case it shall be carried forward as permitted by the standard.

## B. NOTES ON ACCOUNTS:

	(Rs. in lacs)	
	2008-2009	2007-2008
<b>1. Contingent Liabilities in respect of:</b>		
i) Outstanding Letter of Credit issued by Bank (Net of liabilities provided)	1,100.48	-
ii) Outstanding Bank Guarantee	2,184.15	2,509.36
iii) Sales Tax Demand (under appeal)	0.60	0.30
iv) Excise Duty (under appeal)	-	3.06
v) Purchase Tax (under appeal) also filed Corporate Guarantee	203.05	203.05
vi) Royalty on Rock Phosphate claimed by RSMM	158.36	145.32
vii) Stamp Duty (under appeal)	-	9.85
viii) Entry Tax	0.11	-
<b>2 Estimated amount of Capital Commitments</b>		
(Net of Advances) not provided for	-	7.91
<b>3 Sales includes /(Reduced)</b>		
Subsidy (Net)	10,595.54	2,479.87
Rebate & Discount	(383.48)	-320.74
<b>4.</b> In opinion of the Board and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.		
<b>5. Disclosures as per Micro, Medium and Small Enterprises Development Act, 2006 (MSMED)</b>		
Pursuant to amendments to Schedule VI to the Companies Act, 1956 vide Notification No. GSR 719 (E) dated 16 November, 2007, the amounts due to micro and small enterprises are to be disclosed as against the earlier disclosure requirement of amounts due to small scale industrial undertakings.		
Based on the information available with the Company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable under the terms of the MSMED Act, 2006.		
<b>6.</b> The Company has initiated the process of obtaining confirmations from its debtors, creditors and other major parties. The confirmations to the extent received have been reconciled and adjustment, if any, have been made. The others are pending for confirmations, reconciliations and adjustment, if any. However, the management does not expect any significant variations in the existing status.		
<b>7.</b> In respect of the liability of gratuity, the management is of the view that the contribution made to LIC till date are sufficient enough to meet its gratuity liability. However, as required by AS-15 (Employee Benefits), the Company will be getting the actuarial valuation done and in case of any deficiency, the same would be provided in the Financial Year 2009-10.		
Similarly, actuarial valuation will be carried out in respect of liability for leave encashment which is presently being charged on actual payment basis.		
The un-provided liability on estimated basis is expected to be Rs. 35 Lacs as at year end.		
<b>8.</b> M/s Shobhan Enterprises Pvt. Ltd. has become an associate of the Company in terms of AS -23 on acquiring substantial stake i.e. 400,000 Shares (40.81%) during the year.		
Now the Company plans to withdraw its amalgamation petition, filed earlier for merger pending with Hon'ble High Court of Madhya Pradesh, bench Indore		
<b>9.</b> Repairs and maintenance includes consumption of stores and spares of Rs 254.52 lacs (Previous year Rs. 233.07 lacs).		



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

10. Segment Reporting, as required by Accounting Standard-17, is as under:

(Rs. in lacs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
A. Segment -wise revenue:		
a) Fertilizer & Chemicals	21459.32	12874.15
b) Soya	13630.90	26432.61
	35090.22	39306.76
B. Segment - wise profit/(loss):		
a) Fertilizer & Chemicals	3952.04	1473.21
b) Soya	(155.50)	755.68
	3796.54	2228.89
Less: Financial Expenses (Adj. of F.E. Fluctuation)	1963.59	901.65
	1832.95	1327.24
C. Segment - wise capital employed:		
a) Fertilizer & Chemicals	11132.58	12034.24
b) Soya	6243.60	6050.82
	17376.18	18085.06
Add: Unallocated corporate assets (Investments)	261.50	21.50
Total Capital Employed in the Company	17637.68	18106.56

## 11. Related Party Disclosure

As per Accounting Standard-18 issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions are disclosed below:

- a. List of related parties & relationships, where control Exists
  - i. Shradha Projects Ltd.
- b. Related parties & Relationships with whom transactions have taken place during the year:
  - i. Associate (Investee Company) - Shobhan Enterprises Pvt. Ltd.
  - ii. Key Management Personnel (KMP) -  
Mr. Shailesh Khaitan / Mrs. Swapana Khaitan / Mr. R. S. Vijayavargiya
  - iii. Enterprises under significant influence of KMP and/or their Relatives  
The Majestic Packaging Company Private Limited

### c. Transactions with related Parties:

(Rs. in lacs)

Name of Related Party	Transaction	Year ended 31.03.2009	Year ended 31.03.2008
Shobhan Enterprises Pvt. Ltd.	Loan Given	1291.59	1355.70
	Shares Purchased	240.00	-
	Purchases	245.28	-
	Processing Charges Paid	75.00	210.23
	Interest on Loan (Receivable)	94.29	-
	Corporate Guarantee Received	525.00	-
	Corporate Guarantee Outstanding	509.00	-
	Amount Recoverable (Loan)	1291.59	1355.70
Shradha Projects Ltd.	Loan Given	240.00	290.00
	Office Rent	23.82	19.85
	Interest Received	69.46	6.92
	Dividend Paid	82.37	84.92
	Amount Recoverable (Loan)	306.89	206.57
Mr. Shailesh Khaitan	Remuneration	72.65	64.15
	Creditors	2.77	37.25
	Dividend Paid	6.44	6.44
Mrs. Swapana Khaitan	Dividend Paid	2.39	2.39
Mr. R. S. Vijayavargiya	Remuneration	13.92	12.52
The Majestic Packaging Company Private Limited	Dividend Paid	39.68	33.94

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## 12. Earnings Per Share (EPS):

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Net Profit/(Loss) available for equity shareholders. (Rs./lacs)	1028.80	903.36
Weighted average number of equity shares outstanding	9,698,920	9,698,920
Basic earnings per share in rupees of face value Rs. 10/- per share	10.61	9.31
Diluted earnings per share in rupees of face value Rs. 10/- per share	10.61	9.31

## 13. Prior Period adjustments include:

	Rs. In lacs	
	2008-2009	2007-2008
Freight	0.46	3.86
Power Charges	-	0.13
Sales Tax/Entry Tax/Excise	201.06	1.33
Others(net)	1.42	11.17
	<u>202.94</u>	<u>16.49</u>
14. Payment to Auditors:		
Audit Fee	3.37	3.37
In Other Capacity	2.28	2.87
Reimbursement For Expenses	3.18	2.27
	<u>8.83</u>	<u>8.51</u>

15 Additional information, wherever applicable, pursuant to paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

## (a) Computation of Net Profit u/s 349 of the Companies Act, 1956

	Rs. In lacs	
	2008-2009	2007-2008
Profit after taxation as per P & L a/c	1,068.96	880.55
Less: Profit on sale of fixed assets	3.51	10.81
	<u>1,065.81</u>	<u>869.75</u>
Commission to Managing Director @ 1% (Restricted to 100% of Salary i.e. Rs. 52.47 lacs, previous year Rs.46.21 lacs)	10.66	8.70

	Rs. In lacs	
	2008-2009	2007-2008
Managerial Remuneration u/s 198 of the Companies Act, 1956		
i) Salary & Allowances	52.47	46.21
ii) Perquisites & Benefits	9.43	9.17
iii) Commission	10.66	8.70
	<u>72.56</u>	<u>64.08</u>

## (b) Particulars of Capacity & Production: (as certified by the management)

S. No.	Particulars	Unit	Licensed Capacity		Installed Capacity		Actual Production	
			2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
1	Single Super Phosphate	MT	1,010,500	1,010,500	845,500	845,500	226,000	175,450
2	Sulphuric Acid	MT	400,000	400,000	221,100	221,100	62,423	82,678
3	Oleum	MT	26,500	26,500	26,500	26,500	3,628	4,007
4	Liq. Sulphur Trioxide	MT	5,000	5,000	3,300	3,300	1,031	1,504
5	Seed Crushing	MT	420,000	420,000	420,000	420,000	51,395	133,575
6	Refined Oil	MT	30,000	30,000	30,000	30,000	11,895	19,637



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

## (c) Particulars of Opening and Closing Stocks & Sales :

S. No.	Class of Goods	Unit	Opening Stock		Closing Stock		Sales	
			2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
1	Single Super Phosphate (Rs. In lacs)	MT	28,850	75,600	34,587	28,850	220,259	222,065
			873.67	2,374.61	1,572.92	873.67	17,563.19	9,597.78
2	Sulphuric Acid (Rs. In lacs)	MT	5,598	6,126	3,669	5,598	35,668 *	49,374
			458.72	117.41	55.77	458.72	3,013.66	2,418.51
3	Soya Oil (Rs. In lacs)	MT	2,910.98	3,459.84	501.00	2,910.98	12,284	25,361
			1,660.71	1,274.92	214.17	1,660.71	6,803.68	12,741.83
4	De-Oiled Cake (Rs. In lacs)	MT	3,536	208	16	3,536	46,143	111,539
			488.49	18.23	2.68	488.49	6,591.34	14,314.32
5	Others (Rs. In lacs) (including trading goods)		20.84	985.97	10.02	20.84	1,106.36 **	183.96

\* Excluding self consumption 28682.658 MT (previous year 34827.854 MT)

\*\* Net of Commodity Futures & Derivatives transactions

## (d) Particulars of Raw Material Consumed :

S. No.	Description	2008-2009		2007-2008	
		Quantity (in M.T.)	Value (Rs. in lacs)	Quantity (in M.T.)	Value (Rs. in lacs)
1	Sulphur	22,969	5,026.13	29,736	2,847.80
2	Rock Phosphate	129,803	7,325.04	100,467	3,304.19
3	Sulphuric Acid /Spent Acid	58,613	1,733.27	31,281	515.40
4	Soya Seed / Oil	51,395	10,185.96	133,575	22,416.58
5	Others	-	6.00	-	5.21

## (e) Value of Imports calculated on CIF Basis:

(Rs. in lacs)

S.No.	Particulars	2008-2009	2007-2008
1	Raw Material (Including through other Importer Rs.636.71 lacs, previous year Rs. 108.38 lacs)	4,174.90	1,462.10
2	Capital Goods	-	23.32
3	Components & Spare parts	-	-
4	Traded Goods (Sulphur)	-	157.85

## (f) Value of Imported & Indigenous Raw Materials, Spare Parts, Components & Stores consumed during the year :

(Rs. in lacs)

	2008-2009		2007-2008	
	Amount	% of Total	Amount	% of Total
a) Raw Material :				
- Imported	3,541.55	14.59	1,434.33	4.93
- Indigenous	20,734.85	85.41	27,654.85	95.07
<b>Total</b>	<b>24,276.40</b>	<b>100.00</b>	<b>29,089.18</b>	<b>100.00</b>
b) Stores, Spares & Components :				
- Imported	-	-	-	-
- Indigenous	1,224.87	100.00	1,117.46	100.00
<b>Total</b>	<b>1,224.87</b>	<b>100.00</b>	<b>1,117.46</b>	<b>100.00</b>

(g) Earning in foreign currency on account of export of goods Rs.Nil (previous year Rs. 2320.96 lacs).

(h) Expenditure in Foreign Currency:

(Rs. in lacs)

	2008-2009	2007-2008
Fees & Subscription	1.19	3.47
Interest on foreign currency loan	221.14	327.68
	<b>222.33</b>	<b>331.15</b>

(i) All other information may be read as Nil.

16. Previous year figures have been re-arranged and/or re-grouped wherever considered necessary.

17. Figures are rounded off to the nearest lac of rupees in terms of value and nearest M.T. for quantities.



# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## CASH FLOW STATEMENT FOR THE YEAR ENDING 31st MARCH, 2009

(Rs. in lacs)

	2007-2008	2006-2007
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before Tax , Interest, Miscellaneous Expenditure and Extra Ordinary items	3,833.78	2,141.04
Add: Loss on sale of Fixed Assets & Investments	19.66	13.08
Add: Depreciation	683.77	668.01
Less: Interest Received	188.84	45.21
Less: Profit on Sale of Fixed Assets/Investment	3.15	10.81
<b>Operating Profit before Working Capital Changes</b>	<b>4,345.22</b>	<b>2,766.11</b>
Adjustment for:		
(Increase)/Decrease in Inventories	1,927.49	75.58
Sundry Debtors	522.56	(17.24)
Other Current Assets	(3,890.67)	(59.81)
Loans & Advances	334.29	(994.35)
Current Liabilities & Provisions	1,502.33	1,280.95
Cash Generation from Operations	4,741.22	3,051.24
Income Tax Paid(Including FBT)	(550.82)	(330.54)
Extra-ordinary and prior period items	(245.20)	4.89
<b>Net Cash from Operating Activities ( A )</b>	<b>3,945.20</b>	<b>2,725.59</b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchases of Fixed Assets	(468.40)	(1,117.70)
Capital Work in Progress	24.65	12.37
Sale of Fixed Assets	29.02	74.84
Interest	188.84	45.21
Investment	(240.00)	-
<b>Net Cash from Investing Activities ( B )</b>	<b>(465.89)</b>	<b>(985.28)</b>
<b>C. Cash Flow from Financing Activities :</b>		
Share Capital	-	-
Proceeds from Long Term Borrowings	-	525.00
Repayments of Long Term Borrowings	(990.20)	(1,249.72)
Bank Borrowings	(312.71)	302.22
Interest	(1,999.48)	(811.74)
Dividend including Dividend Distribution Tax	(204.25)	(204.25)
<b>Net Cash from Financing Activities ( C )</b>	<b>(3,506.64)</b>	<b>(1,438.49)</b>
<b>NET CASH GENERATION (A+B+C)</b>	<b>(27.33)</b>	<b>301.82</b>
Cash and Cash Equivalents as at the beginning of the year	692.87	391.05
Cash and Cash Equivalents as at the end of the year	665.54	692.37
<b>Net Increase ( Decrease ) in Cash and Cash Equivalents</b>	<b>(27.33)</b>	<b>301.82</b>

**R.S. VIJAYVARGIYA**

(President & Secretary)

**SHAILESH KHAITAN**

(Chairman & Managing Director)

**J.L. JAJOO**  
**O.P. BAGLA**  
**DR. P. GOYAL**

(Directors)

As per our report of even date attached  
for **S.S. Kothari Mehta & Co.**  
Chartered Accountants

**(CA ATUL SEKSARIA)**

Partner

M.No. 86370

PLACE: NEW DELHI

DATED: 16.05.2009



# KHAITAN CHEMICALS & FERTILIZERS LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

### I. Registration Details:

Registration No. : L24219MP1982PLC004937 State Code : 10  
Balance Sheet Date : 31st March, 2009

### II. Capital Raised During the Year:

(Rs.in lacs)

2008-2009

Public Issue -  
Rights Issue -  
Subscription through Warrants -  
Bonus Issue -  
Private Placement -  
Others -

### III. Position of Mobilisation And Deployment of Funds:

Total Liabilities 22,982.30  
Total Assets 22,982.30  
**Source of Funds**  
Paid - up Capital 969.89  
Reserves & Surplus 6,889.08  
Secured Loans 8,160.06  
Deferred Tax 1,619.21  
**Application of Funds**  
Net Fixed Assets 8,742.36  
Investments 261.50  
Net Current Assets 8,633.82  
Misc. Expenditure 0.56

### IV. Performance of the Company:

Total Income 33,443.35  
Total Expenditure 31,813.34  
Profit/ (Loss) Before Tax 1,630.01  
Profit/ (Loss) After Tax 1,028.80  
Earnings Per Share (Rs.) 10.61  
Dividend @ 18% ( last year 18%) 174.58

### V Generic Names of three principal products / services of the Company (as per monetary terms):

Item Code No : (ITC Code ) 31031000  
Product Description Single Super Phosphate  
Item Code No : (ITC Code ) 28070001  
Product Description Sulphuric Acid  
Item Code No : (ITC Code ) 15079000.10  
Product Description Soyabean Oil Edible Grade  
Item Code No : (ITC Code ) 230400.03  
Product Description Meal of Soya Bean

**R.S. VIJAYVARGIYA**  
(President & Secretary)

**SHAILESH KHAITAN**  
(Chairman & Managing Director)

**J.L. JAJOO**  
**O.P. BAGLA**  
**DR. P. GOYAL**  
(Directors)

PLACE: NEW DELHI  
DATED: 16.05.2009

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone (M.P.) - 451 569

## ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full Name of the member attending \_\_\_\_\_

Full name of the first joint holder \_\_\_\_\_

(To be filed in if first name joint-holder does not attend the meeting)

Name of Proxy \_\_\_\_\_

(To be filed in if Proxy form has been duly deposited with the Company)

I/we, hereby record my presence at the 27th Annual General Meeting of the Company held at the Registered of the Company at A. B. Road, Village Nimrani, Dist. Khargone (M.P.) on Friday, the 31st day of July, 2009 at 1.00 P.M.

Regd. Folio No. : \_\_\_\_\_

DP ID/Client ID No. : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

**Note: Members are requested to bring their copies of the Annual Report to the Meeting.**

# KHAITAN CHEMICALS & FERTILIZERS LIMITED

Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone (M.P.) - 451 569

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/members of KHAITAN CHEMICALS & FERTILIZERS LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him, \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me / us on my / our behalf at the 27th Annual General Meeting of the Company to be held on Friday, the 31st day of July, 2009, at 1.00 P.M. at A. B. Road, Village Nimrani, Dist. Khargone (M.P.) and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Regd. Folio No. : \_\_\_\_\_

DP ID/Client ID No. : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

**AFFIX  
Rupee 1.00  
Revenue  
Stamp**

### NOTES:

1. The Proxy Form must be lodged at the Registered Office of the Company, not less than 48 Hours before the commencement of the Meeting.
  2. The Proxy should be signed according to the Specimen Signature(s) of the Member(s) recorded with the Company.
- \* Strike out whichever is not applicable

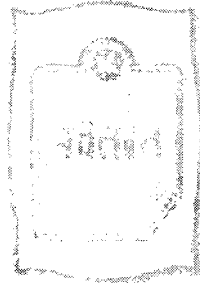
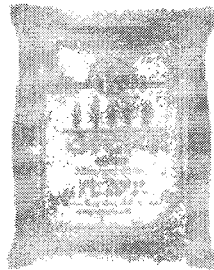
**FOR OFFICE USE ONLY:**

PROXY NO.: \_\_\_\_\_

DATE OF RECEIPT: \_\_\_\_\_

# BOOK - POST

To,



If undelivered, please return to :



**KHAITAN CHEMICALS & FERTILIZERS LIMITED**

301-308, Appolo Arcade,

1/2, Old Palasia,

Indore - 452 018 (M.P.)