



Khaitan CHEMICALS AND FERTILIZERS LTD.

CIN : L24219MP1982PLC004937

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

KCFL/2020/

July 8, 2020

The General Manager,
Corporate Relations Department,
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Sub: 38th Annual Report for the year 2019-20 under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Ref: Scrip Code: 507794.

Dear Sir/Madam,

In terms of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We are enclosing herewith Annual Report for the year 2019-20 of the Company. Which is also being sent through electronic mode to those Members whose e-mail addresses are registered with the Company/Registrar and Transfer Agent/ Depositories.

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

This is for your information and record.

Thanking you,

Yours faithfully,

for KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CS KAMLESH JOSHI
(Company Secretary & General Manager)

Encl.: as above



KHAITAN CHEMICALS AND FERTILIZERS LIMITED

38th Annual Report 2019-2020

ANNUAL GENERAL MEETING:		BOARD OF DIRECTORS:	
Date :	7th day of August, 2020	Shri Shailesh Khaitan :	Chairman & Managing Director
Day :	Friday	Shri Utsav Khaitan :	Whole Time Director
Time :	1:00 P.M.	Shri Jagdish Lal Jajoo :	Whole Time Director
Place :	To be convened through VC/OAVM	Shri Vijay Gupta :	Independent Director
		Shri Balmukund Dakhera :	Independent Director
		Ms. Veena Chadha :	Independent Woman Director
REGISTERED OFFICE:		KEY MANAGERIAL PERSONNEL :	
A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451569 (M.P.)		Shri Shailesh Khaitan :Chairman & Managing Director Shri H. V. Agnihotri : President & Chief Financial Officer Shri Kamlesh Joshi : Company Secretary & General Manager	
INDORE OFFICE:		STATUTORY AUDITORS:	
301-308, Apollo Arcade, 1/2, Old Palasia, Indore - 452018 (M.P.)		M/s. N.S.B.P. & Co., Chartered Accountant 325, Third Floor, U.S. Complex, Opp. Apollo Hospital, 120, Mathura Road, SaritaVihar, New Delhi-110076	
GURUGRAM OFFICE:		KOLKATA OFFICE:	
202-203, Sewa Corporate Park, M.G. Road, Sector-28, Gurugram-122 002 (Haryana)		46-C, Rafi Ahmed Kidwai Road, 3 rd Floor, Kolkata-700 016	
SECRETARIAL AUDITORS:		SOLICITORS:	
Ritesh Gupta & Co.(Company Secretaries) 56-A, Anil Nagar, M.R.-9 Road, Indore - 452 001(M.P.)		M/s. Khaitan & Partners, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001	
WORKS :		BANKERS:	
Fertilizers & Chemical Division:		<ul style="list-style-type: none"> ● State Bank of India ● IDBI Bank Ltd. ● Axis Bank Ltd. ● HDFC Bank Ltd., ● Corporation Bank (Now Union Bank of India) 	
<ol style="list-style-type: none"> 1). A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451569 (M.P.) 2). Village Goramachia, Kanpur Road, Jhansi - 248001 (U.P.) 3). Village Dhinva, Tehsil Nimbahera Dist. Chittorgarh - 312601 (Rajasthan) 4). A-1, UPSIDC Industrial Area, Malwan, Dist. Fatehpur - 212664 (U.P.) 5). Village Farhad (Somni), Dist. Rajnandgaon - 491443 (Chattisgarh) 6). 42/7, GIDC Industrial Estate, Dahej, Vagra Dist. Bharuch-392130 (Gujarat) 		CONTENTS:	
Soya Division:		Notice of Annual General Meeting : 01-05 Directors' Report : 06-10 Management Discussion & Analysis Report : 11-13 Report on Corporate Governance : 14-21 Annexure's of Director's Report : 22-28 Auditor's Report : 29-32 Balance Sheet : 33 Statement of Profit & Loss : 34 Cash Flow Statement : 35 Statement of Change in Equity : 36 Notes to Financial Statements : 37-64	
<ol style="list-style-type: none"> 7). Dosigaon Industrial Area, Ratlam - 457001 (M.P.) 		Listing of Shares:	
		B.S.E. Ltd. Stock Code: 507794 ISIN No.: INE745B01028 (NSDL & CDSL)	

Note: As per SEBI notification date 30.11.2018 and further clarification on 27.03.2019, SEBI has amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "except in case of transmission or transposition of securities requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository with effect from April 1, 2019". The amendment does not prohibits the Investor from holding the shares in physical form, Investor has the option of holding shares in physical form even after April 1, 2019.

Any Investor who has desirous of transferring shares (which are held in physical form) after April 1, 2019 can do so, only after the shares are dematerialised.



KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone-451569 (M.P.)
e-mail: khaitanchemfert@gmail.com, Website: www.khaitanchemfert.com
Phone: 0731-4237926, 4753666, Fax: 0731-4753665

NOTICE OF 38th ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY EIGHTH ANNUAL GENERAL MEETING OF 'KHAITAN CHEMICALS AND FERTILIZERS LIMITED'** will be held on Friday, 7th Day of August, 2020 at 1:00 P.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2020, including the Audited Balance Sheet as at 31st March, 2020, and the statement of profit and loss for the year ended on that date, the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare final dividend on the equity shares of the Company for the year ended 31st March, 2020.
3. To appoint a director in place of Shri Utsav Khaitan (DIN: 03021454), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

4. **To Approve the Remuneration of the Cost Auditors for the financial year ending March 31, 2021.**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 95000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2021 as approved by the Board of Directors of the Company, to be paid to **M/s. M.P. Turakhia & Associates, Cost Accountants**, for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (for Fertilizers), units at Nimrani, Jhansi, Malwan and Rajnandgaon (for Sulphuric Acid) and Ratlam (for Soya Products) be and is hereby ratified and confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **To Approve Re-Appointment of Shri Jagdish Lal Jajoo (DIN : 02758763) as a Whole Time Director of the Company:**

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

"RESOLVED THAT pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 117, 196, 197 and 203 read with Schedule V and Article of Association of the Company as amended from time to time and all other applicable provisions of the Companies Act 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (Including any statutory modification or re-enactment(s) thereof for the time being in force) the approval of the members of the Company be and are hereby accorded to approve the terms of re-appointment and remuneration of Shri Jagdish Lal Jajoo (DIN: 02758763) as a Whole Time Director of the Company, for a period of 3(Three) years with effect from November 15, 2019 to November 14, 2022 as recommend / approved by the Nomination & Remuneration Committee and Board of Directors in its meeting held on November 5, 2019, on the terms and conditions including remuneration as set out in explanatory statement annexed to the notice convening this meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be accepted to Shri Jagdish Lal Jajoo, subject to the same not exceeding the limit specified under Schedule V to the Companies Act, 2013 or any statutory modifications or re-enactment thereof.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

S/d

(KAMLESH JOSHI)

Company Secretary & General Manager

Place : Indore

Date: June 22, 2020

NOTES:

1. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular no 20/2020 dated May 5, 2020 read with circular no 14/2020 dated April 8, 2020 and circular no 17/2020 dated April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the

Company is being held through Video Conferencing (VC)/Other Audio Visual Means (OAVM).

3. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies and has issued a circular on April 21, 2011 stating that the service of document by a Company can be made through electronic mode. Electronic copy of the Annual Report for the FY 2019-20 is being sent to all the members whose email ID's are registered with the Company/Depository Participants. Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company/Ankit Consultancy Pvt. Ltd., the Registrar and Share Transfer Agent in case the shares are held by them in physical form.

4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Corporate Members whose Authorised Representatives are intending to attend the Meeting through VC/OAVM are requested to send to the Company on their email Id:- Khaitanchemfert@gmail.com, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting and through Remote E-voting.
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
8. The Register of Members, Beneficial Owner and Share Transfer Books of the Company will remain closed from Saturday, August 1, 2020 to Friday, August 7, 2020, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
9. The dividend on Equity Shares, if declared at the AGM, will be payable on or after Tuesday, August 11, 2020 to those members whose names appear as Members in the Register of Members of the Company on Saturday, August 1, 2020 in respect of the shares held in electronic form, the dividend will be paid on the basis of Beneficial Ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
10. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Annual Report 2019-20 will also be available on the Company's website www.khaitanchemfert.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and on the website of NSDL (agency for providing the Remote e-Voting facility) <https://www.evoting.nsdl.com>
11. Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
12. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
13. 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.
14. 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.
15. Shareholders who are still holding physical share certificate are advised to dematerialize their shareholding to avail benefit of dematerialization.
16. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2011-12 to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of Companies Act, 2013.
17. Members are advised to claim their unpaid dividend for the year 2012-13 to 2018-19 if any, the Company is having unpaid dividend of Rs. 12.14 lacs for the year 2012-13 to 2018-19. Attention of the members of the Company are drawn towards the provisions of section 124(6) which provides that all the shares in respect of which unpaid or unclaimed dividend has been transferred u/s 124(5) shall also be transferred by the company in the name of IEPF. Therefore in the interest of the members it is advised to take appropriate action to encase the unpaid dividend and update their bank particulars through the respective Dps.
Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the company to the Investor Education and Protection Fund ("the IEPF"), a fund established under sub-section (1) of section 125. The Company has sent intimation to all such shareholders who have not claimed their dividend for seven consecutive years. The details of unclaimed/unpaid dividend are also available on the website of the Company viz. www.khaitanchemfert.com
18. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
19. Details required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is annexed herewith to Notice as **Annexure-I**. The Directors have furnished the requisite declarations for their appointment/re-appointment.
20. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar and Share Transfer Agent.
21. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting of the Company.
22. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
23. Relevant documents referred to in the accompanying Notice and in the Explanatory Statement are open for inspection by the Members at the Company's Registered Office and at Company's office at 301-308 Apollo Arcade, 3rd Floor, 1/2 Old Palasia Indore-

452 018 (M.P.) on all working days (except Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. up to the date of this Annual General Meeting ("AGM") and also at the AGM.

24. Voting through electronic means

- I. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the company is pleased to provide members facility to exercise their right to vote at 38th Annual General Meeting (AGM) by electronic means /remote e-voting and the business may be transacted through e-Voting Services provided by NSDL.
- II. The remote e-voting period commences on Tuesday, 4th day of August, 2020 (9.00 A.M.) and ends on Thursday, 6th day of August, 2020 (5.00 P.M). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 31st day of July, 2020, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III. Members holding shares in physical or in Demat form as on Friday, 31st day of July, 2020, shall only be eligible for Remote e-voting.
- IV. Members will be provided with the facility for voting through electronic voting system during the VC proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote at the end on discussion on the resolution on which voting is to be held, upon announcement by the Chairperson. Members who have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again.
- V. The remote e-Voting module on the day of the AGM shall be disabled by NSDL for voting after the conclusion of the Meeting.
- VI. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- VII. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of notice through email and holding shares as of cut-off date i.e.- Friday, 31st day of July, 2020 may obtain the login ID and password by sending a request at ankit_4321@yahoo.com or khaitanchemfert@gmail.com or evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- VIII. The Board of Directors has appointed CS Ritesh Gupta, Company Secretary Whole Time in Practice (ICSI Membership No. FCS-5200 CP No. 3764) as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website at www.khaitanchemfert.com within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

- X. The details of the process and manner for remote e-voting are explained herein below.

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

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

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

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

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password
 - c) How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'
 - ii. In case you have not registered your email address with the Company/Depository, please follow instructions mentioned below in this notice.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

- b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-voting system?

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

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csriteshguptakcfi@gmail.com with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to evoting@nsdl.co.in.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to khaitanchemfert@gmail.com
In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to khaitanchemfert@gmail.com
2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

Instructions For Members For Attending The AGM Through VC/OAVM Are As Under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at khaitanchemfert@gmail.com
6. Shareholders who would like to express their views/ask questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

Item No. 4

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice on the

recommendation of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by the Board of Directors and ratified by the shareholders of the Company.

On the recommendation of the Audit Committee at its meeting held on June 22, 2020, the Board has considered and approved appointment of **M/s. M.P. Turakhia & Associates, Cost Accountants** for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (**for Fertilizer**), units at Nimrani, Jhansi, Malwan and Rajnandgaon (**for Sulphuric Acid**) and Rattlam (**for Soya Products**) at a remuneration of Rs. 95000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2021.

The Resolution at Item No. 4 of the Notice is set out as an **Ordinary Resolution** for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

Item No. 5

Shri Jagdish Lal Jajoo Shri Jagdish Lal Jajoo, Chartered Accountant, was associated with this Company since beginning to 1995 as Vice President/ President & Executive Director and from 22.02.1996 to 31.10.2011 he had held the position as an Independent Director and thereafter remain on the Board as Whole Time Director.

The present terms of appointment of Shri Jagdish Lal Jajoo are expiring on 14.11.2019 and it would be appropriate to re-appoint him as Whole Time Director of the Company for a period of 3 (Three) years with effect from November 15, 2019 to November 14, 2022. The Board of Director of the company, at its meeting held on 05.11.2019 and on the recommendation of the Nomination and Remuneration Committee in its meeting held on 05.11.2019 has Re-appointed Shri Jagdish Lal Jajoo as Whole Time Director of the Company subject to the approval of members/shareholders of the Company in ensuing General Meeting as a **Special Resolution**. At the remuneration, in accordance with norms laid down in section 196,197 and other applicable provisions of the Companies Act, 2013 and the rules made there under Schedule V of Companies act, 2013.

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

Remuneration, benefits and perquisites:

- i. **Salary:** Rs. 1,00,000/- per month, Salary will be subject to the deduction of Income tax/professional tax at the applicable rates, under the Income Tax Act, 1961.
- ii. **Perquisites**

- a) **Housing:**
The Company shall provide accommodation for the Whole Time Director at place other than Mumbai, being his permanent residence.
 - b) **Medical Reimbursement:**
Reimbursement of medical expenses actually incurred for self and family, subject to the ceiling of one month's salary in a year with a right to carry forward.
 - c) **Leave and Leave Travel Concession:**
Leave Travel Concession for self and family, subject to the ceiling of one month's salary.
Earned privilege leaves on full pay and allowance as per the rules of the Company subject to the condition that leave accumulated but not availed of shall not be allowed to be encashed.
 - d) **Club Fees:**
He shall be entitled to the reimbursement of fees of any two clubs in India. This will not include admission and life membership fee.
 - e) **Personal Accident Insurance:**
The Company shall pay an annual premium of a sum not exceeding Rs. 20,000/- towards personal accident insurance policy of Shri Jagdish Lal Jajoo.
 - f) **Car & Telephone:**
Free use of the Company's car for the Company's business.
Personal long distance call on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.
 - g) **Limits on Remuneration:**
The remuneration as specified in clauses above shall be subject to the overall limits as specified under Sections 196, 197 and other applicable provisions read with Schedule V of the Companies Act, 2013.
- iii. **Minimum Remuneration:**
In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, perquisites, benefits, allowances and amenities payable to Shri Jagdish Lal Jajoo shall be in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 as amended from time to time.
- iv. **Sitting Fees:**
He shall not be paid sitting fees for attending the meetings of the Board of Directors of the Company and committees thereof.
Shri Jagdish Lal Jajoo is liable to retire by rotation during his tenure as Whole Time Director.
There shall be relations with Shri Jagdish Lal Jajoo and the Company as an employee and employer for all the purposes.

Annexure-I

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

Name of Director	Shri Utsav Khaitan	Shri Jagdish Lal Jajoo
Age	29 years	76 years
Qualification	B.Sc (Economics)	Chartered Accountant
Date of Appointment	20 th May, 2014	1 st January, 1991
Expertise	Marketing	Rich and vast experience in the field of management and Finance
Other Directorships (excluding Pvt. Companies) as on 31 st March, 2020	Nil	Nil
Chairman / Member of the Committees as on 31 st March, 2020	Member : Corporate Social Responsibility Committee	Chairman: Corporate Social Responsibility Committee
Shareholding (No. of Shares)	13439	240

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 38th Annual Report of your Company alongwith Audited Financial Statement for the financial year ended 31st March, 2020.

FINANCIAL RESULTS The financial performance of the Company for the year ended 31st March, 2020 is summarized below:

(Rs. in Lacs)

Particulars	2019-20	2018-19
Sales	43711.31	37259.83
Total Income	43937.95	37337.78
Surplus before interest, depreciation, exceptional items and Tax	4817.91	4334.17
Less: Financial Cost	1810.47	2201.26
Cash Profit before tax	3007.44	2132.91
Less: Depreciation	851.52	875.66
Exceptional Items	-	-
Profit /(Loss) before taxation	2155.92	1257.25
Provision for current tax	395.74	278.56
Income Tax of earlier year	2.95	12.87
Deferred tax	249.18	176.08
Profit /(Loss) after taxation	1508.05	789.75
Transfer to General Reserve	-	-
Earning Per Share (face value of Re. 1/- each)	1.55	0.81

REVIEW OF OPERATIONS

FERTILIZER & CHEMICALS DIVISION

The year 2019-20 also fared well for the Company. The Company was able to produce and sell higher quantities of Fertilizer and substantially high quantity of Acid.

The year 2019-20 saw a very good monsoon which was initially lagging but picked up in the later months and finally ended with an excess of 10% over the long range average. This coupled with the strong and continuous brand building by the Company saw an improved performance in 2019-20.

The GOI agreed to keep the subsidy for the SSP sector separately earmarked within the overall Phosphates and Potassium segment. This did improve the liquidity in the SSP sector and also helped improve the performance.

During the year, the turnover of your Company has increased from Rs. 37,337.78 lacs for the year 2018-19 to Rs. 43,937.95 lacs for the year 2019-20, the operating income has increased from Rs.4,334.17 lacs in 2018-19 to Rs.4,817.91 lacs in 2019-20, and the cash profit has increased from Rs.2,132.91 lacs to Rs.3,007.44 lacs in the respective periods, while the net profit after tax has increased from Rs. 789.74 lacs to Rs.1,508.05 lacs.

The Company has produced 4,36,181 MT (previous year 3,18,554 MT) Single Super Phosphate and 2,13,514 MT (previous year 1,80,443 MT) Sulphuric Acid and sold 4,00,796 MT (previous year 3,03,679 MT) & 1,36,363 MT (previous year 1,40,329 MT) respectively.

The Company is trying to diversify its portfolio and has initiated import of NPK fertilizers in a small way. The Company has Imported 10931 MT NPK Fertilizers (previous year NIL) and sold 5315 MT during the year (previous year 7,576 MT). The Company has also added 'value added' fortified fertilizers in its product range. Both the above products launched by the Company have been well accepted by the farmers.

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

The raw material prices of sulphur have decreased and are now constant, however the prices of rock phosphate have increased mainly on account of depreciation of the rupee. To keep the end prices of fertilizers to the farmers within reasonable limits, the Government has more or less maintained the Nutrient Based Subsidy rates with a slight increase to Rs.2826/- from Rs.2734/-per MT for the year 2019-20. The subsidy has now been decreased to Rs 2643 per MT for the year 2020-21.

The pandemic of Covid-19, didn't affect KhaiTan Chemicals and Fertilizers Limited, to extent that it could have since the movement and production of fertilizer was not restricted by the Central Government during the lockdown, especially as Fertilizer is covered under the Essential Commodities Act, 1955 and is crucial for farm produce.

There was some impact due to local factors like availability of packing labour, declaration of containment zones in factory areas and nearby areas in some plants, delay in availability of service engineers and spare parts in the event of breakdown. However despite these factors the Company could perform reasonably well in the first quarter of the current financial year while taking full precautions for the safety of the employees and following the protocol laid down by the Government.

Going forward it appears the Government is keen to revive the economy and there are little chances of further lockdown. Also, Fertilizer being covered under essential commodities, it is not likely to be restricted, if at all the GOI reviews its policy for further lockdown. Also with several countries announcing effective cures for Covid-19 virus, and vaccines expected by the year end, we feel there may not be a further clampdown of the economy. However the fiscal revenues of the government have reduced substantially due to countrywide lockdown and relief packages for different segments of society and industry segments. This shall impact the ability of the GOI to reimburse subsidy and negatively impact the industry.

In the coming year 2020-21, the long range forecast of monsoons is about normal. This coupled with the rise in the farm produce in the Kharif and Rabi has given a good disposable income in the hands of the farmers. It also expected that the acreage under cultivation may increase in the current year. Overall, it is expected that there will be good demand of fertilizer in 2020-21.

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

SOYA/AGRI DIVISION

The Soya Industry is passing through a tough phase with widespread activities of speculation by Industry players.

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

DIVIDEND

The Board of Directors is pleased to recommend final dividend of Re. 0.20 per equity share (face value of Re. 1/- per share) for the financial year 2019-2020, previous year Re.0.05 per equity share.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2020 was Rs. 969.89 Lacs divided into 9,69,89,200 shares of Re. 1/- each. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

RESERVES AND SURPLUS

The Company has not transferred any amount to General Reserves for the financial year 2019-20.

INVESTORS EDUCATION & PROTECTION FUND

Dividend which was declared by the Company for the year ended March 31, 2013 at the Annual General Meeting held on August 6, 2013 and

remained unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government on September 5, 2020 pursuant to the provisions of Companies Act, 2013. Thereafter no claim shall lie on dividend for the year ended March, 2013 from the shareholders.

PROJECTS & FINANCE

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

FIXED DEPOSITS

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Information required under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed in Form-A of **Annexure 'A'** and forms part of the report.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

FOREIGN EXCHANGE EARNING AND OUTGO

The Company has earned Rs. NIL on export of goods (Previous year Rs. NIL) and incurred Rs. 11389.10 lacs (Previous year Rs. 6694.67 lacs) on import of Raw Materials, Fees & Subscription and Interest on Foreign Currency Loan.

DIRECTORS

In accordance with the provisions of Section 152 (6)(c) of the Companies Act, 2013 and the Articles of Association of the Company, Shri Utsav Khaitan (DIN : 03021454), Whole Time Director of the Company is due to retire by rotation at forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment. Directors recommend his re-appointment for the consideration of members of the Company at the ensuing General Meeting.

The Board has also re-appointed **Shri Jagdish Lal Jajoo** (DIN:02758763), as a Whole Time Director of the Company for a period of 3 (three) years with effect from November 15, 2019 to November 14, 2022, subject to the approval of the members in ensuing General Meeting.

Particulars of the directors seeking appointment/re-appointment are provided in the notes forming part of the notice for the ensuing Annual General Meeting, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

KEY MANAGERIAL PERSONNEL:

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

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

INDEPENDENT DIRECTORS DECLARATION

The Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Regulation 16 (B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

CORPORATE GOVERNANCE

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

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:

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

PARTICULARS OF LOAN, GUARANTEES, INVESTMENTS:

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

COMPOSITION OF AUDIT COMMITTEE

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

NOMINATION & REMUNERATION POLICY

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

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

AUDITORS & AUDIT REPORT

The Company had appointed M/s. NSBP & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company for carrying out the Statutory Audit of the Company for the Term of 5 years commencing from the conclusion of 35th Annual General Meeting to the conclusion of 40th Annual General Meeting of the Company (from Financial Year 2017-18 to 2021-22). The Company has received a certificate from them to the effect that their appointment as Statutory Auditors of the Company, would be within the limit prescribed u/s 139 & 141 of the Companies Act, 2013 & also received a peer review

certificate issued by the ICAI 'Peer Review Board', as required under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

COST AUDITOR:

The Board of Directors, in pursuance of an order under section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, issued by the Central Government, has appointed on the recommendation of Audit Committee M/s. M.P. Turakhia & Associates, Cost Accountants, Indore as Cost Auditors to conduct audit of the cost accounts maintained by the Company in respect of Fertilizer, Sulphuric Acid and Soya products for the financial year 2020-21.

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

INTERNAL AUDITOR:

M/s. APAS & Company, Chartered Accountants, New Delhi is appointed as Internal Auditor of the Company to conduct the internal audit of the Company for the Financial Year 2020-21, as required under Section 138 of the Act 2013 and the Companies (Accounts) Rules, 2014.

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

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed on the recommendation of Audit Committee M/s. Ritesh Gupta & Co., Company Secretaries, Indore (C.P. No. 3764), to undertake the Secretarial Audit of the Company for the financial year 2020-21.

The Secretarial Audit Report for the year 2019-20 is self-explanatory and therefore do not call for any explanatory note and the same is annexed herewith as (Annexure - D).

SECRETARIAL STANDARDS:

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

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

During the year the Company has decided to spend the amount for CSR by contributing to the 'PM Care Fund', the details on CSR activities are annexed herewith as (Annexure - E)

BOARD EVALUATION

Pursuant to the provisions of section 134 (3)(p) of the Companies Act, 2013 and applicable Regulations of the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc.

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

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

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return for the year ended on 31.03.2020 in Form MGT-9 is annexed herewith as (Annexure - G), and also uploaded on Company's Website in investor section at www.khaitanchemfert.com

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit & loss of the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956/2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.
5. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY:

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

All Related Party Transactions are placed before the Audit Committee and the same has been approved by the Board. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature and the same is reviewed by the Audit Committee on quarterly basis. The company has framed Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions and is placed on the Company's website and the web link for the same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Policy-on-materiality-of-RPT-KCFL.pdf>. The Company has also formed Related Party Transactions Policy and the weblink for same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Related-Party-Transactions-Policy.pdf>.

Pursuant to the provisions of Section 134 (3) (h) of the Companies Act, 2013, the particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, and prescribed in Form AOC-2 of Companies (Accounts) Rules, 2014, are appended as **Annexure-F** to this report. Related Party Transactions during the year have been disclosed as a part of Financial Statements as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

LISTING OF SHARES

Shares of the Company are listed on The Bombay Stock Exchange Limited (BSE), Mumbai, which provides a wider access to the investors nationwide.

The Company has made all the compliances of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including payment of annual listing fees up to 31st March, 2021 to the BSE.

DEMATERIALIZATION OF SHARES

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31, 2020, 98.20% of the share capital stands dematerialized.

RISK MANAGEMENT

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

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

Implementation of the Scheme:

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

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

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

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees

(permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2019-20.

No of complaints received: · NIL

No of complaints disposed off: Not Applicable".

MATERIAL CHANGES AFFECTING FINANCIAL POSITIONS OF THE COMPANY

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

PARTICULARS OF EMPLOYEES

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

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

In accordance with the provisions of Section 136 of the Act, the Annual Report and Accounts are being sent to all the Members of the Company excluding the aforesaid information and the said particulars will be made available on request and also made available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary of the Company.

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

APPRECIATION:

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

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

for and on behalf of the Board

(SHAILESH KHAITAN)

CHAIRMAN & MANAGING DIRECTOR

DIN: 00041247

Place: New Delhi

Date: 22.06.2020

I - Form 'A' for disclosure of particulars with respect to conservation of energy and forming part of Directors Report:

A) Power & Fuel Consumption:

	Current Year	Previous Year
1. Electricity:		
a) Purchased Units (KWH)	14576482	12310586
Total amount (Rs. in Lacs)	1245.53	959.52
Rate/Unit (Rs.)	8.54	7.79
b) Own generation:		
i. Through diesel generator Units(KWH)	109543	15962
Total amount (Rs. in Lacs)	5.29	4.30
Rate/Unit (Rs.)	4.83	26.91
ii. Through steam turbine Units *(KWH)	14545779	10112211
Total amount	-	-
(*Net of Self Consumption in TG)		
2. Coal:		
Quantity (In MT)	6677.98	2626.25
Total Cost (Rs. in Lacs)	390.97	187.30
Rate/Unit (MT) (Rs.)	5854.61	7131.84
3. Furnace oil:		
Quantity (K. Lts.)	100	22
Total Amount (Rs. in lacs)	35.46	7.37
Average Rate /Lt.	35.30	33.27

B. Consumption per Unit of Production:

Item	Product	Current Year	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	35.70	34.42
	S.A./Oleum/Liquid So3	63.95	62.68
	Labsa	-	40.72
	Soya Oil/Doc	N.A.	N.A.
Coal (KG/MT)	Soya Oil/Doc/Power	N.A.	N.A.
	G.S.S.P.	43.16	26.77

CAUTIONARY STATEMENT

Some of the statements in the report may be forward looking and are stated as required by applicable laws & regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook

The Company's Performance is dependent on several external factors such as performance of monsoons, government policy, fluctuation of prices of raw material and finished products and also their availability etc. which could adversely affect the operations of the Company.

BUSINESS OVERVIEW:

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

Segment-wise Business Review and Operational and Financial Performance:

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

(Quantity in MT)

Particular	2019-20	2018-19	2017-18	2016-17	2015-16
Production:					
SSP	436181	318554	300375	415452	337329
Sulphuric Acid	209787	180443	94873	105792	86279
Oleum/Liquid So3	3706	1007	997	3245	2318
Seed Crushing	-	-	-	-	-
Refined Oil	-	-	-	-	-
Sales:					
SSP	400796	303679	338986	385574	404646
Sulphuric Acid	132674	140329	52281	51710	46567
Soya Oil	637	678	861	1001	1709
De-Oiled Cake	-	-	-	-	-

The summarized financial performance of the Company for last 5 years is as under:
(Rs. In lacs)

Particular	2019-20	2018-19	2017-18	2016-17	2015-16
Sales:					
Fertilizer	43328.59	36657.38	31513.72	35366.63	37079.10
Soya	556.50	580.93	4045.64	1347.60	2284.46
PBIDT:					
Fertilizer	4204.07	3650.12	2813.15	2936.18	3118.46
Soya / Agri	(250.31)	(232.71)	16.47	361.03	173.86
EPS(Rs) :	1.55	0.81	0.17	0.17	0.17
DIVIDEND:	20%	5%	5%	5%	5%
Face Value (Per share)	1	1	1	1	1

The year 2019-20 turned out to be a better year with good monsoons, 110% of the long term average. As a result, the agriculture related businesses; especially fertilizers trade have fared much better as compared to previous few years. Also with good moisture in the soil and good income in the hands of the farmers has prepared the ground for a conducive environment for the coming year.

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

During the year, the turnover of your Company has increased from Rs. 37,337.78 lacs for the year 2018-19 to Rs. 43,937.95 lacs for the year 2019-20, the operating income has increased from Rs.4,334.17 lacs in 2018-19 to Rs.4,817.91 lacs in 2019-20, and the cash profit has

increased from Rs.2,132.91 lacs to Rs.3,007.44 lacs in the respective periods, while the net profit after tax has increased from Rs. 789.74 lacs to Rs.1,508.05 lacs.

FERTILIZER & CHEMICALS DIVISION:

The Company has India's largest Single Super Phosphate (SSP) production capacity of 11,13,500 MT in the states of Madhya Pradesh, Rajasthan, Uttar Pradesh, Chhattisgarh & Gujarat alongwith Sulphuric Acid (SA) production capacity of 2,70,600 MT in the States of Madhya Pradesh, Uttar Pradesh & Chhattisgarh. Sulphuric Acid is also a raw material for production of SSP.

The Company has produced 4,36,181 MT (previous year 3,18,554 MT) Single Super Phosphate and 2,13,514 MT (previous year 1,80,443 MT) Sulphuric Acid and sold 4,00,796 MT (previous year 3,03,679 MT) & 1,36,363 MT (previous year 1,40,329 MT) respectively.

The Company is trying to diversify its portfolio by adding imported NPK fertilizers and fortified high value added fertilizers. The products are picking up well in the market.

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

INDUSTRY STRUCTURE AND DEVELOPMENTS:

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

Single Super Phosphate is a multi nutrient fertilizer containing phosphate (16%) and sulphur (11%) as primary nutrients. SSP is applied as a basal fertilizer being rich in secondary nutrients like calcium and magnesium oxide and several micro nutrients. It is an essential Fertilizer for crops likes Oilseeds, Pulses, Sugarcane, Fruits and Vegetables, Tea etc. and for sulphur deficient soils. Main features of SSP Fertilizer Industry are-

- Basic need for agriculture and its development.
- SSP is multi-nutrient fertilizer containing P_2O_5 as primary nutrient and Sulphur, Calcium & magnesium as secondary nutrients.
- SSP fertilizer is the lowest priced fertilizer per kg, and preferred by small & marginal farmers.
- Highly dependent on Imported Raw Material.
- Subsidised by Government of India to control the prices of the input to the farmers.
- Substantial Import of Finished Products other than SSP.

Agromomic Importance of SSP:

- SSP helps in improving root growth and development which is most important for uptake of plant nutrient and water.
- For Leguminous crops like groundnut, use of SSP, ensures a large number of nodules on the roots, which fix atmospheric Nitrogen directly into the soil and also increase Nitrogen uptake.
- SSP improves soil aeration and increase water holding capacity of the soil and increase root growth which increase crop yield.
- Oil content of Groundnut and other oil seeds increases. The quantity and quality of oil seeds crops increases.
- In Sugarcane, the sugar content increases which provide more production and monetary benefit to the farmers
- SSP increases resistance power of the plants against attack of pest and disease.
- SSP increases protein content in pulses crop
- SSP helps in leaching excess water from the root zone and prevent yellowing of the crop

- SSP improves storage capacity of Plant.
- SSP also act as soil reclaiming agent.

SSP, which is a poor farmer's fertilizer (price wise), is an option to optimize the use of phosphate fertilizers. It also helps to treat sulphur deficiency in soil (40% Indian soil is sulphur deficient) as well as for further enhancement of yields at the least cost. SSP being an indigenously manufactured fertilizer saves on foreign exchange outgo vis a vis imported phosphatic fertilizers.

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

However, the Fertilizer Industry including SSP is a working capital intensive Industry. Therefore interest rates and delay in disbursement of subsidy are always matters of concern to the Company.

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

Future Outlook:

It is expected that the Country will have a near normal monsoon in 2020, resulting in relief to Indian agriculture sector and related industries like Fertilizer.

The Economic Survey-2018 has floated the idea of replacing the input subsidy with direct income support to farmers and there is a need for "replacing untargeted subsidies (power and fertiliser) by direct income support to address agricultural stress and to achieve doubling farmers' income. The Prime Minister had announced to double farmers' income in budget-2018, currently estimated at Rs 77,976 annually, by 2022. The government has been spending nearly 30% of its total subsidy on food, fuel and fertiliser to ensure that farmers get the key agriculture input at cheaper rates. The total outgo on fertilizer subsidy alone was Rs 79,998 crore in 2019-20.

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

In Budget 2020-21, the downward revision in the budgetary allocation for the fertiliser subsidy for FY2020-21 (BE) to Rs.71,309 crores, as against the revised estimate of Rs. 79,998 crores for FY2019-20 (This is a decrease of (10.9%) Rs 8,689 crore), is a major negative for the fertiliser industry. The issue of inadequate subsidy provisioning and resulting subsidy backlog impacting the liquidity position of the industry has been highlighted by the industry repeatedly.

On the agricultural front, the government has continued its focus on augmenting farmer income through various steps. Increased allocation across the schemes to drive irrigation facilities, improve agricultural markets, augment the allied sectors supporting income, setting-up of FPOs, crop insurance scheme and income supplementation scheme is a major positive. With these steps, Industries expects a positive rub-off effect on fertiliser offtake. However, subsidy reduction remains a major negative takeaway for the fertiliser sector.

The raw material prices have decreased for sulphur but remain high for rock phosphate mainly due to depreciation of the rupee and are now on constant. To keep the end prices of fertilizers to the farmers within reasonable limits, the Government has reduced the Nutrient Based Subsidy rates for SSP at Rs. 2,643/- per MT.

Despite the slowdown in the previous years, the SSP Industry is very optimistic for the coming financial year, on account of expected normal monsoon. Monsoons have a major impact on the agricultural sector, besides the commodity prices of major raw material inputs. In such a

regime SSP fertilizer being a low cost fertilizer has an increased preference with the farmers.

The performance of the Company is expected to be better in coming years considering its basic strengths like high integrated capacity which is already operational, multi-geographical locations and established brands. The well maintained plant and equipments ensure uninterrupted production and distribution of goods.

Opportunity, Threats, Risk & Concerns:

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

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

NBS policy as envisaged has attracted new entrants in the market, which in fact shall be better for the wider reach of this long neglected product and establishing the SSP Industry in its right place. However, entry of new entrants in overall bad market conditions has created excess supply in the market resulting into changing consumption and stocking patterns necessitating higher inventories.

SSP fertilisers are based on imported raw-materials which can face severe volatility in prices and foreign currency exchange rates, affecting the profitability of the Company. Agro-Climatic conditions also have a large effect on the performance of the Company.

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

Covid 19 Impact:

The COVID-19 has put a lot of uncertainty in all the industries in the world, and also in India, due to the lockdown announcement towards end of March 2020. However the impact was minimized by GOI for the fertilizer industry by exempting it from lockdown and movement across the country being an essential commodity covered under the 'Essential Commodities Act, 1955.'

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

The imposition of the country wide lockdown and subsequent packages announced by the GOI to revive and give relief to various segments of the society and industry segments, has severely impacted the fiscal position of the government. We are already facing delay in reimbursement of subsidy in the year 2020-21 and is likely to impact the working to some extent.

Soya/Agri Division

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

The Company has reduced its activities in this segment to a large extent alongwith total control on fixed expenses due to low margins in the Industry. During the year, the Company has crushed Nil MT (Previous year Nil MT) Soyabean seed.

INDUSTRY STRUCTURE AND DEVELOPMENT:

The most popular and the largest produced oilseed in the world is Soyabean. It has got the support of wide variety of climates and soils and that is why it is considered to be the most economical crop and has a good worth.

Soya oil is extracted from the basic Soyabean through complex refining process by crushing Soyabeans, 17-18% soy oil is recovered and the rest is called soy meal or De-oiled cake.

The contribution of soy oil in world's total oil production has reached around 25%, after growing at 5.8% p.a. during the last 10-16 years, and figures around 31 million tons in absolute terms. Countries like U.S, China, Argentina and India have a strong consumer base. Consumption has also risen in other nations like European Union, Central Europe, Egypt, Morocco, Mexico, and Brazil.

Soyabean meal comprises of the remnant after the oil extraction. It has high protein content and is easily digestible and that is why it serves as an animal feed and accounts for about 65% of the world's total animal feed.

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

The total crop size in India is about 10-12 million tonnes out of world crop of 250 million tonnes. Soya Oil is consumed in the country while sadly a protein deficient country like India is exporting its cheapest protein containing soy meal to other countries due to poor promotion of its benefits and by incentivising Exports. However, in due course of time home consumption of Soyabean meal is bound to increase.

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

Future Outlook:

In India, crushing capacity of Soyabean is much higher than availability of raw material. In spite of higher capacity, the efficient processing capacity in good locations like ours, shall perform reasonably well with higher Soyabean crop due to increase in yield.

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

Opportunity, Threats, Risk & Concerns:

The Company is enjoying ideal location of its soya processing plant i.e. at the heart of Soyabean cultivation area, which assures us a value added advantage in operations

The present yield per hectare is around 1.2 MT against world average of 2.4 MT. The yield is increasing by adopting good practices by farmers and reasonable return on Input.

The Indian consumption of soy meal/DOC has started to increase and therefore Indian soy meal need not compete in International market which produces and sells its surplus Soyabean, with hefty State subsidies to agriculture.

Production of Soyabean is highly dependent on the vagaries of monsoon. The delayed and uneven monsoon creates shortage of raw material thus affecting the capacity utilisation and profitability of the Industry. The large crushing capacity with insufficient raw material alongwith long shelf life and volatility of international market make Soyabean & soya oil very speculative products in Commodity Exchanges. In view of increasing speculative behavior in the market, which is not at all aligned with either international market or with forward market, the Company has reduced its activities in this segment to large extent

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company conducts its business with integrity and high standards of ethics, and in compliance with the laws and regulations that govern its business. The Company has a well established system of internal controls in operations, supported by suitable monitoring procedures and self-assessment exercises. The financial and commercial functions at various locations are structured and reviewed timely to provide adequate support and controls for the business of the Company.

In addition to external audit, The Company has appointed M/s APAS & Company, Chartered Accountants, as an Internal Auditor, who report significant findings to the Audit Committee of the Board. Consequently required steps are taken to improve the operations.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS:

The ability to attract, onboard, develop and engage the right kind of talent is crucial to an organization's long term success. Company strongly believes in continuously taking steps towards talent management, leadership development, employee engagement. Employees are the back-bone of good organization and to motivate them to achieve greater heights, the Company undertook various HR initiatives towards their development, enhancement and retention. The Company considers its highly motivated and well-maintained team as its most valuable asset. As on 31.03.2020, the Company has employed 556 peoples at various locations in India.

Considering the health and safety of the employees of the Company and in line with the advisories, orders and directions issued by both State and Central Government in order to prevent the spread

The corona virus (Covid19) outbreak, the Company has operated their operations at plant level as per advisories till the lockdown period. Further the Company has also implemented Work from Home Policy to ensure the safety of employees post Covid19 issue. The HR department of the Company is continuously in touch with the employees to guide them and solve their problems. The HR Department of the Company has continuously created the awareness of Covid 19 among the employees of the Company through E-mails and has also educated the employees in respect of personal hygiene and precautions which needs to be taken in this situation of pandemic.

The Company has conducted the interviews through telephone and Skype and meetings through Video Conferencing in order to maintain social distancing which is most essential due to the spread of Covid19. The Company has also prepared a systematic operating plan to deal with Covid19 issue, which will be implemented after the lock down is lifted.

Amidst all the pressures and demands of the growing business, Industrial Relations continued to be reasonably cordial with our Union(s).

ENVIRONMENT AND SAFETY:

The Company has always considered safety and environment one of its key focus area and has always strived to make continues improvements in these two aspects.

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

CONCLUSION:

The Company dwells on chalking out the best possible future plans and policies so as to avoid the pitfalls and following the best course in the long run. In both the business segments, a focus on assets utilization, earning maximization, continuous growth and relentless strengthening of the internal efficiencies will enable the Company to deliver superior value for its shareholders on a sustained basis in future.

In accordance Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at KhaiTan Chemicals and Fertilizers Limited is as under:

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

2. BOARD OF DIRECTORS:

COMPOSITION, MEETINGS AND ATTENDANCE:

The present strength of the Board of Directors is six. Out of the six directors, three directors are Non-Executive and Independent. Shri Shailesh Khaitan (father of Shri Utsav Khaitan), an Executive Promoter Director is the Chairman & Managing Director of the Company. Shri Utsav Khaitan (son of Shri Shailesh Khaitan) and Shri Jagdish Lal Jajoo, Executive Directors are the Whole Time Directors of the Company. Shri Balmukund Dakhera, Shri Vijay Gupta and Ms. Veena Chadha, Non Executive Directors are the Independent Directors of the Company. The composition of the Board of Directors meets the stipulated requirement. The Board's composition and categories as on March 31, 2020, and the attendance of each director at Board meetings and the last Annual General Meeting (AGM) are as under:

DIN	Name of Directors	Category	No. of Directorship in other Cos. (excluding Pvt. Cos.)	No. of Board Committee Memberships in other Cos.	No. of Board Committee for which Chairperson	No. of Board meetings Attended	Whether Attended AGM
00041247	Shri Shailesh Khaitan	Promoter, Executive	Three	NIL	NIL	Four	Yes
02758763	Shri Jagdish Lal Jajoo	Executive	NIL	NIL	One	Four	Yes
03021454	Shri Utsav Khaitan	Promoter, Executive	NIL	NIL	NIL	Three	No
03511193	Shri Vijay Gupta	Independent, Non-Executive	NIL	NIL	One	Four	Yes
05105269	Shri Balmukund Dakhera	Independent, Non-Executive	NIL	NIL	Two	Four	Yes
06886533	Ms. Veena Chadha	Independent, Non-Executive	NIL	NIL	NIL	Four	Yes

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

BOARD INDEPENDENCE:

The Non-executive Independent Directors fulfill the conditions of Independence specified in Section 149 of the Companies Act, 2013 and rules made thereunder and meet with the requirement of Regulation 16 (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD MEETINGS:

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

During the financial year ended March 31, 2020, Four Board Meetings were held on; May 9, 2019; August 9, 2019; November 5, 2019 and February 6, 2020.

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

The Company's last Annual General Meeting (AGM) was held on August 9, 2019.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

<http://khaitanchemfert.com/familiarization-programme-for-independent-directors/>

1. COMMITTEES OF THE BOARD

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

The Board currently has the following Committees:

I. AUDIT COMMITTEE

The audit committee of the Company is constituted in line with the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The present strength of the Audit Committee is three as on 31.03.2020. Shri Balmukund Dakhera, Chartered Accountant, is the Chairman of the Audit Committee of the Company. All the members of the Audit Committee are independent and non-executive directors. The recommendations of audit committee were duly accepted by the Board of Directors. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company.

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

The Audit committee consisted of the following members as on March 31, 2020:

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

During the financial year ended March 31, 2020, four Audit Committee Meetings were held on May 9, 2019; August 9, 2019; November 5, 2019 and February 6, 2020.

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

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

(b) Quorum: Two independent members.

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

II. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013. The present strength of the Nomination & Remuneration Committee is three as on 31.03.2020. All three are non-executive independent directors viz., Shri Balmukund Dakhera, Shri Vijay Gupta & Ms. Veena Chadha. Shri Balmukund Dakhera is the Chairman of the Nomination & Remuneration Committee. The Chairman of the Nomination & Remuneration was present at the Annual General Meeting of the Company.

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

The Nomination & Remuneration Committee consisted of the following members as on March 31, 2020:

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

During the financial year ended March 31, 2020, two Nomination & Remuneration Committee Meeting was held on May 9, 2019 and November 5, 2019.

(b) Terms of reference: The terms of the reference of Nomination and Remuneration Committee includes deciding the Company's policies on specific remuneration packages for all the directors and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the board of Directors and the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 178 of the Companies Act, 2013.

(c) Quorum: Two independent members.

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

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

AREAS OF EVALUATION

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

(f) NOMINATION & REMUNERATION POLICY

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

Definitions:

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

"Key Managerial Personnel" means:

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

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

Objective:

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

Role of the Committee:

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

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

Broad Policy:

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

Remuneration of Directors:

- (a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the financial year 2019-2020.
- (b) The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings attended by them, of such sum as may be approved by the Board of Directors / Members of the Company within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.
- (c) Details of remuneration paid to Executive Director for the financial year 2019-20. (Rs. in lacs)

Name	Designation	Salary	Commission/Sitting Fees	Perks & Allowances	Total	Tenure
Shri Shailesh Khaitan	Chairman & Managing Director	120.00	-	55.38	175.38	3 years
Shri Utsav Khaitan	Whole Time Director	60.00	-	10.00	70.00	3 years
Shri Jagdish Lal Jajoo	Whole Time Director	12.00	-	16.41	28.41	3 years*

* Shri Jagdish Lal Jajoo Re-appointed as Whole Time Director by the board of Directors in its meeting held on November 5, 2019, Subject to the approval of members in ensuing General Meeting for a period of 3(three) years.

(d) Details of remuneration paid to non-executive Director for the financial year 2019-20:

At present the Non-executive Directors are paid remuneration by way of sitting fees Rs.15000/- & Rs.7500/- for attending each meeting of the Board and the committees respectively. Details of sitting fees paid to Non-executive Directors and shares held by them in the financial year 2019-2020 are given below:

S. No.	Name of Directors	Sitting Fees (in Rs.)	No. of Shares Hold
1	Shri Vijay Gupta	1,50,000	80
2	Shri Balmukund Dakhera	1,42,500	Nil
3	Ms. Veena Chadha	1,50,000	Nil

III. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

The Board has constituted a Stakeholder's Relationship Committee consisting of Four members as on 31.03.2020, chaired by Shri Vijay Gupta, an Independent, Non-executive Director, Ms. Veena Chadha, an Independent Women Director, Shri Balmukund Dakhera, an Independent, Non-executive Director and CS Kamlesh Joshi, Company Secretary & General Manager of the Company is designated as Compliance Officer. The Committee meets at regular intervals to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificate, non receipt of declared dividend etc. and to review the status of investors' grievances and redressal mechanism and recommends measures to improve the level of investor services. Details of share transfer/transmissions approved by the Committee are placed at the Board Meetings from time to time.

(a) COMPOSITION

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

S. No.	Name	Chairman/Member	No. of Meeting Attended
1	Shri Vijay Gupta	Chairman, Independent, Non-executive	4
2	Ms. Veena Chadha	Member, Independent, Non-executive	4
3	Shri Balmukund Dakhera	Member, Independent, Non-executive	3*
4	Shri Kamlesh Joshi	Member /Compliance Officer, Executive	4

During the financial year ended March 31, 2020, Four Stakeholder's Relationship Committee Meetings were held on May 9, 2019; August 9, 2019; November 5, 2019 and February 6, 2020.

* Shri Balmukund Dakhera appointed as a Member in the meeting held on 09.05.2019

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

(b) **STATUS OF SHAREHOLDERS' GRIEVANCE:** During the year 2019-20, the Company has received 58 grievances and has resolved the same according to the satisfaction of shareholders within prescribed time. There are no pending grievance as on 31.03.2020.

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

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

IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Board has constituted a Corporate Social Responsibility Committee consisting of five members, chaired by Shri Jagdish Lal Jajoo, Whole Time Director of the Company. The composition of CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The terms of reference of the CSR Committee broadly comprises to review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress. The detailed CSR Policy has also been uploaded on Company's Website: **Web-link:** <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>.

COMPOSITION

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

S.No	Name	Chairman/ Member	No. of Meeting Attended
1.	Shri Jagdish Lal Jajoo	Chairman, Whole Time Director	1
2.	Shri Utsav Khaitan	Whole time Director	Nil
3.	Shri Vijay Gupta	Member, Independent, Non-executive	1
4.	Shri Balmukund Dakhera	Member, Independent, Non-executive	1

During the financial year ended March 31, 2020, one meeting of Corporate Social Responsibility Committee was held on August 9, 2019.

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

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

4. INDEPENDENT DIRECTOR'S MEETING:

During the year under review, the Independent Directors met on February 6, 2020, inter-alia to discuss:

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

All the Independent Directors were present at the Meeting.

2. ANNUAL GENERAL MEETINGS:

Location, date and time of the Annual General Meetings of the Company held during preceding 3 years are given below:

AGM No.	Financial Year	Location of the Meeting	Date	Time	Whether passed any Special Resolutions
35	2016-2017	Registered office of the Company	August 22, 2017	3:00 P.M.	No
36	2017-2018	Registered office of the Company	August 9, 2018	3:00 P.M.	No
37	2018-2019	Registered office of the Company	August 9, 2019	3:00 PM.	Yes*

* Special Resolutions passed in last AGM:

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

6. MEANS OF COMMUNICATION:

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

1. GENERAL SHAREHOLDER INFORMATION:

(a) Annual General Meeting:

The 38th Annual General Meeting (AGM) of the Company will be held on Friday, the 7th day of August, 2020 at 1:00 p.m. The Company is conducting AGM through VC/OAVM in compliance with the applicable provisions of the Companies Act, 2013 and MCA General Circular No. 14/2020, dated 08th April, 2020, MCA General Circular No. 17/2020, dated 13th April, 2020 and MCA General Circular No. 20/2020, dated 5th May, 2020 and as such there is no requirement to have a venue for the AGM.

(b) Financial Calendar for the Financial Year 2020-21:

- Financial reporting for the quarter ending June 30, 2020 : On or before August 14, 2020
- Financial reporting for the half year ending September 30, 2020 : On or before November 14, 2020
- Financial reporting for the quarter ending December 31, 2020 : On or before February 14, 2021
- Financial reporting for the year ending March 31, 2021 : On or before May 30, 2021

(c) Dividend Payment:

Dividend, if declared will be paid on Tuesday, 11th day of August, 2020.

(d) Unclaimed Dividend/ Shares:

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

The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2011-12 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of Companies Act, 2013

(e) Listing of Shares:

The Shares of the Company is listed on The BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001. The Company has paid Annual Listing Fee for the year 2020-2021 to the Stock Exchange.

(f) Stock Code: 507794.

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

(h) Market Price Data and Comparison with SENSEX:

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

Month	Monthly High (n Rs.)	Monthly Low (n Rs.)	Volume of Shares Traded	SENSEX Monthly High	SENSEX Monthly Low
April, 2019	9.75	7.51	234228	39487.45	38460.25
May, 2019	9.20	7.66	346258	40124.96	36956.10
June, 2019	8.54	6.95	230117	40312.07	38870.96
July, 2019	9.86	6.53	414436	40032.41	37128.26
August, 2019	8.26	5.20	2751518	37807.55	36102.35
September, 2019	8.00	5.56	262382	39441.12	35987.80
October, 2019	8.30	5.83	131018	40392.22	37415.83
November, 2019	8.70	6.66	725216	41163.79	40014.23
December, 2019	8.45	7.25	164631	41809.96	40135.37
January, 2020	9.50	7.06	462805	42273.87	40476.55
February, 2020	9.20	7.25	344311	41709.30	38219.97
March, 2020	8.29	4.00	434540	39083.17	25638.90

(i) Registrar & Share Transfer Agent:

M/s Ankit Consultancy Pvt. Ltd.

60, Electronic Complex, Pardeshipura, Indore (M.P.) 452010,

Tel.: 0731-2551745-46, 4281333 Fax: 0731-4065798, E-mail: ankit_4321@yahoo.com

(j) Share Transfer System:

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

(k) Distribution of shareholding as on March 31, 2020:

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 1000	16501	89.75	4128325	4.26
1001 to 2000	859	4.67	1402523	1.45
2001 to 3000	292	1.59	773934	0.80
3001 to 4000	150	0.82	547175	0.56
4001 to 5000	160	0.87	770437	0.79
5001 to 10000	213	1.16	1619201	1.67
10001 and above	211	1.14	87747605	90.47
Grand Total	19899	100.00	96989200	100.00

Categories of Shareholders as on March 31, 2020 :

Category	No. of shares Held	% of Shareholding
Promoters	72736169	74.99
Financial Institutions, Mutual Fund and Banks	7416	0.01
Private Corporate Bodies	835452	0.86
Non-residents /OCBs	430216	0.44
Indian Public	22979947	23.70
Total	96989200	100.00

- (l) Dematerialisation of Shares and liquidity:** Trading in KhaiTan Chemicals and 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, 2020, **9,52,41,591** equity shares of the Company, which amount to **98.20%** of the equity capital exist under the electronic form. **Those shareholders, who have still not got their shares dematerialised, are advised to do so, as soon as possible, in view of many advantages that exists therein.**
- (m) Commodity Price Risk/ Foreign Exchange Risk and Hedging:** Foreign Exchange Risk has been fully covered by the Company.
- (n) Plant Locations:** The Company has the following manufacturing and operating divisions:
Fertilizer & Chemicals Division:
1. A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.)-451569
2. Village Goramachia, Jhansi-Kanpur Road, Jhansi (U.P.)-248 001
3. Village Dhinva, Tehsil Nimbahera, Dist. Chittorgarh -312 601 (Rajasthan)
4. A-1, UPSIDC Industrial Area, Malwan, Dist. Fatehpur-212 664 (U.P.)
5. Village Farhad (Somni), Dist. Rajnandgaon-491443 (Chhattisgarh)
6.42/7, GIDC Industrial Estate, Dahej, Vagra, Dist. Bharuch-392 130 (Gujarat)
Soya Division (KhaiTan Agro):
7. Industrial Area, Dosigaon, Ratlam (M.P.) - 457 001
- (o) Investor Correspondence (Details of Compliance Officer):**
For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any query relating to the shares of the Company please write to:
CS KAMLESH JOSHI
Company Secretary & General Manager
KhaiTan Chemicals and Fertilizers Limited
L24219MP1982PLC004937
Apollo Arcade, 3rd Floor, 1/2, Old Palasia, Indore-452 018.
Tel. No. 0731-4753666, 4237926 Fax No. 0731-4753655
Email- khaitanchemfert@gmail.com
- (e) Date of Book Closure:**
Saturday, 1st day of August, 2020 to Friday, 7th day of August, 2020 (both days inclusive) for Annual General Meeting/payment of Dividend.
- 8. OTHER DISCLOSURES:**
- a. There are no materially significant transactions with its promoters, the directors or the senior management personnel, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company. The disclosure in respect of related party transactions is provided in the notes on accounts. All contracts with the related parties entered into during the year are in normal course of business and have no potential conflict with the interest of the Company at large and are carried out on arm's length basis at fair market value.
- b. Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.
- c. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has framed a Whistleblower Policy. No personnel has been denied access to the Audit Committee. The detail Whistleblower policy has been uploaded on the Company's website: Web-link: <http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-Vigil-Mechanism-Policy.pdf>
- d. The Company has complied with the mandatory requirements of the Listing Regulation. The Company has adopted various non-mandatory requirements as well, as discussed under relevant headings.
- e. The Company does not have any subsidiary Company.
- f. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year, which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.
The Company has framed Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions and is placed on the Company's website and the web link for the same is <http://khaitanchemfert.com/wp-content/uploads/2016/04/Policy-on-materiality-of-RPT-KCFL>. The Company has also formed Related Party Transactions Policy and the weblink for same is : <http://khaitanchemfert.com/wp-content/uploads/2016/04/Related-Party-Transactions-Policy>
- g. The Company has in place mechanism to inform Board Members about the Risk Management and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management. A detailed note on risk management is given in the financial review section of the management discussion and analysis report elsewhere in this report. Further the company did not engage in commodity hedging activities.

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

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

10. ADOPTION OF NON-MANDATORY REQUIREMENTS:

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

• Reporting of Internal Auditor

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

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

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

As required by Regulation 26 (3), Regulation 34(3) read with Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Directors and Senior Management of the Company have confirmed compliance with the Code of Conduct as adopted by the Company.

Place: New Delhi

Date: 22.06.2020

(SHAILESH KHAITAN)

CHAIRMAN & MANAGING DIRECTOR

DIN : 00041247

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

The Board of Directors,

Khaitan Chemicals & Fertilizers Limited

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

Yours sincerely,

Place: New Delhi

Date: 22.06.2020

Shailesh Khaitan

(Chairman & Managing Director)

DIN : 00041247

Harsh Vardhan Agnihotri

(President & Chief Financial Officer)

PAN No. : ACXPA9375K

Place : Indore

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

Particulars	No. of Shareholders	No. of Shares held by them
Detail of shareholders as on 01.04.2019	Nil	Nil
Shareholders who approached during the year for transfer of shares (including Those Shareholders whose shares transferred to IEPF Account)	Nil	Nil
Shareholders to whom shares are transferred during the year (including Those Shareholders whose shares transferred to IEPF Account)	Nil	Nil
Detail of shareholders as on 31.03.2020	Nil	Nil

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

Place: New Delhi

Date: 22.06.2020

(SHAILESH KHAITAN)

CHAIRMAN & MANAGING DIRECTOR

DIN : 00041247

COMPLIANCE CERTIFICATE

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

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

We have examined the compliance of conditions of Corporate Governance by Khaitan Chemicals and Fertilizers Limited, for the year ended March 31, 2020, as stipulated in Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the company has complied with conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

for Ritesh Gupta & Co.
Company Secretaries

Ritesh Gupta
CP:3764, FCS:5200
UDIN- F005200B000362854

Place: Indore
Date : 22.06.2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulations)

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the **Khaitan Chemicals and Fertilizers Limited** having (CIN: L24219MP1982PLC004937) having registered office at A.B. Road, Village- Nimrani, Khargone (MP) 451569 (hereinafter referred to as 'the Company'), produced before me, for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the MCA portal) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any other Statutory Authority. Yours sincerely,

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

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

for Ritesh Gupta & Co.
Company Secretaries

Ritesh Gupta
CP:3764, FCS:5200
UDIN- F005200B000362856

Place: Indore
Date : 22.06.2020

FORM MR-3**SECRETARIAL AUDIT REPORT**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company on testing basis for the financial year ended on 31st March, 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Other laws applicable specifically to the Company (as given in **'Annexure-I'** to the Report).

I have also examined compliances with the applicable clause of the following:-

- i. Secretarial Standards-1 pertaining to Board Meetings and Secretarial Standards-2 pertaining to General Meetings issued by the Institute of Company Secretaries of India were applicable during the year.
- ii. The SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 entered by the Company with Bombay Stock Exchange Limited.

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

1. The provisions, regulations and guidelines prescribed under Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings are not applicable to the Company during the financial year under report;
2. The following provisions, regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report :-
 - a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - b) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
 - e) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998.

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

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

auditor and other designated professionals.

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

Adequate notice, agenda and detailed notes on agenda of Board Meetings were sent to all directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company.

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

Ritesh Gupta**CP:3764,FCS:5200****UDIN- F005200B000362821****Date: 22.06.2020****Place: Indore****Annexure-'I'****IMPORTANT LAWS APPLICABLE SPECIFICALLY TO THE COMPANY**

The Company has complied with the following laws and legislations applicable specifically to the Company.

- 1) Factories Act, 1948;
- 2) The Environmental (Protection) Act, 1986;
- 3) The Water (Prevention & Control of Pollution) Act, 1974;
- 4) The Air (Prevention & Control of Pollution) Act, 1981;
- 5) The Explosive Act, 1884;
- 6) Fertilizer (Control) Order, 1985;

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

Ritesh Gupta**CP:3764,FCS:5200****UDIN- F005200B000362821****Date: 22.06.2020****Place: Indore**

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

Annexure A to the Secretarial Audit Report**To,****The Members,****Khaitan Chemicals and Fertilizers Limited**

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

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

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

Ritesh Gupta**CP:3764,FCS:5200****UDIN- F005200B000362821****Date: 22.06.2020****Place: Indore**

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Annexure - 'E'

- 1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

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

The detailed CSR Policy is stated herein as: **Web-link:**
<http://khaitanchemfert.com/wp-content/uploads/2016/04/KCFL-CSR-Policy>

- 2. Composition of the CSR Committee:**

1. Shri Jagdish Lal Jajoo, Chairman
2. Shri Utsav KhaiTan, Member
3. Shri Balmukund Dakhera, Member
4. Shri Vijay Gupta, Member
5. Ms. Veena Chadha, Member

- 3. Average Net Profit of the Company for last three financial years:**

Net Profit/(loss) : Rs 576.29 Lacs

- 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

The Company has crossed the thresholds limit as specified in Section 135 (1) of the Companies Act, 2013 and qualify to spend money towards CSR Expenditure of Rs. 11.53 lacs.

- 5. Details of CSR spend for the financial year 2019-2020:**

- a. Total amount spent for the financial year: **Rs. 12 Lacs**
- b. Amount unspent, if any: **Nil**
- c. Manner in which the amount spent during the financial year is detailed below:

CSR Projects or Activity Identified	Sector in which the Project is Covered	Projects or Programs(1) Local Area or other(2) specify the state and district where projects or programs was undertaken	Amount Outlay (budget) project or Programs wise	Amount spent on project or Programs	Cumulative expenditure upto the reporting period	Amount Spent : Direct or through implementing agency
1	PM CARE Fund	PAN India	Rs.11.53 lacs	Rs. 12 lacs	Rs. 12 lacs	Directly

Form No. AOC-2

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

Annexure - 'F'

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

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

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

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

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

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

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

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

- (c) **Salient terms of the contracts or arrangements or transactions including the value, if any**
 Terms of the contract conform to the prevailing market rates and all the care has been taken to ensure reasonability of prices as compared to the prevailing rates in the market better quality products and timely supplies.
 - (d) **Justification for entering into such contracts or arrangements or transactions**
 It is ensured that the contract with the Contracting party is advantageous to the Company and its shareholders. The Company intends to ensure following aspects by dealing with contracting parties:
 - (e) **date(s) of approval by the Board:** all the quarterly meetings held during the Financial Year 2019-20.
 - (f) **Amount paid as advances, if any:** NIL
 - (g) **Date on which the ordinary resolution was passed in general meeting as required under first proviso to section 188:** N.A.
- 3. The details of all related party transactions as per Accounting Standard 18 have been disclosed in Notes to Accounts of Financial Statement.**

(SHAILESH KHAITAN)
 CHAIRMAN & MANAGING DIRECTOR
 DIN : 00041247

Place: New Delhi
 Date : 22.06.2020

EXTRACT OF ANNUAL RETURN

Annexure - 'G'

As on The Financial Year Ended on 31.03.2020

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

Form No. MGT-9

I. REGISTRATION & OTHER DETAILS :

1	CIN	L24219MP1982PLC004937
2	Registration Date	02.06.1982
3	Name of the Company	Khaitan Chemicals & Fertilizers Ltd.
4	Category/Sub-Category of the Company	Public company Limited By Shares
5	Address of the Registered office and contact details	A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone-451569 (M.P.) Tel. -07285-2654448/47, Fax -07285-265449 Email : khaitanchemfert@gmail.com
6	Whether Listed Company	Yes
7	Name, Address and Contact details of Registrar and Agent if Transfer any	Ankit Consultancy Pvt. Ltd , Plot No. 60, Electronic Complex, Pardeshipura, Indore- 452001 (M.P.) Tel. No. 0731-2551745/2551746, Fax -07285-265449 Email : ankit_4321@yahoo.com

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

S. No.	Name and Description of Main products/Services	NIC Code of the Product / Service	% to total turnover of the company
1	Manufacture of Straight Inorganic Fertilizers. (Single Super Phosphate)	3011	79.06
2	Manufacture of Nitric Acid, Ammonia, Commercial Ammonium Chloride, Nitrates of Potassium and Other Basic Chemicals of Nitrogenous Fertilizer Industry..(Sulphuric Acid)	3001	15.16

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

A) Category-wise Share Holding

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



B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4660	-	4660	0.00	4660	-	4660	0.00	-
b) Financial Institutions/ Banks	160	1730	1890	0.00	1026	1730	2756	0.00	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Fills	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	4820	1730	6550	0.01	5686	1730	7416	0.01	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	3853157	12670	3865827	3.99	3545514	11710	3557224	3.67	(0.32)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	13187461	1930791	15118252	15.59	13403002	1704649	15107651	15.58	(0.01)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	4675898	-	4675898	4.82	5126723	-	5126723	5.29	0.47
c) Others (specify)									
NRI/OCB	548792	31320	580112	0.60	400696	29550	430216	0.44	(0.16)
Clearing Members	6392	-	6392	0.01	23801	-	23801	0.02	(0.01)
Sub-total (B)(2):-	22271700	1974781	24246481	25.00	22499736	1745879	24245615	25.00	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	22276520	1976511	24253031	25.01	22505422	1747609	24253031	25.01	0.00
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	95012689	1976511	96989200	100.00	95241591	1747609	96989200	100.00	0.00

B) Shareholding of Promoters -

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

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

S. No	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
I	At the beginning of the year 01/04/2019	72736169	74.99	72736169	74.99
II	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): No Change	-	-	-	-
III	At the End of the year 31/03/2020	72736169	74.99	72736169	74.99

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

S. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Vijaya S	3122466	3.22	622466	0.64
2	Koushik Sekhar	1086647	1.12	3625417	3.74
3	Indu Tibrewala	-	-	376842	0.39
4	Geeta Prakash	245497	0.25	234048	0.24
5	Jyotsna Prakash Bhojraj	232737	0.24	232737	0.24
6	Investor Education and Protection Fund	2568270	2.65	2721772	2.80
7	Alok Lodha	37621	0.04	137820	0.14
8	Shivasaran Enterprises And Advisory LLP	-	-	208624	0.21
9	Rupesh Shantilal Jobanputra	195000	0.20	195000	0.20
10	Poonam Mohandas Mahtani	180000	0.19	180000	0.19
11	Amola Vinod Jhaveri	106000	0.11	106000	0.11
12	Honey Bricks Property Management Pvt. Ltd.	80000	0.08	-	-
13	Harshvardhan Agnihotri	161670	0.17	161670	0.17
14	Premal Jogendra Thakker	174944	0.18	174944	0.18
15	Jogendra Chandrakant Thakker	148788	0.15	148788	0.15
16	Debasis Basu	157311	0.16	157311	0.16

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Shri Shailesh Khaitan	3571910	3.68	3571910	3.68
2	Shri Harsh Vardhan Agnihotri	161670	0.17	161670	0.17
3	Shri Utsav Khaitan	13439	0.01	13439	0.01
4	Shri S.K. Khaitan	7920	0.01	7920	0.01
5	Shri Kamlesh Joshi	400	0.00	400	0.00
6	Shri Jagdish Lal Jajoo	240	0.00	240	0.00
7	Shri Vijay Gupta	80	0.00	80	0.00

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1208553755	162100000	-	1370653755
ii) Interest due but not paid	560116	-	-	560116
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1209113871	162100000	-	1371213871
Change in Indebtedness during the financial year				
* Addition	21975478	3396263	-	25371741
* Reduction	-	-	-	-
Net Change	21975478	3396263	-	25371741
Indebtedness at the end of the financial year				
i) Principal Amount	1225380358	162100000	-	1387480358
ii) Interest due but not paid	5708991	3396263	-	9105254
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1231089349	165496263	-	1396585612

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

S. No.	Particulars of Remuneration	Name of MD/TWD /Manager			Total Amounts
		Shri Shailesh Khaitan	Shri Utsav Khaitan	Shri Jagdish Lal Jajoo	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,20,00,000/-	60,00,000/-	12,00,000/-	1,92,00,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	55,38,028/-	10,00,000/-	16,41,440/-	81,79,468/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission- as % of profit- others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	1,75,38,028/-	70,00,000/-	28,41,440/-	2,73,79,468/-
	Ceiling as per the Act	As per the Companies Act, 2013 read with Schedule V and rules made thereunder			

B. Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors			Total Amounts
		Shri Balmukund Dakhera	Shri Vijay Gupta	Ms. Veena Chadha	
1	Independent Directors				
	Fee for attending board committee meetings	1,42,500/-	1,50,000/-	1,50,000/-	4,42,500/-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	1,42,500/-	1,50,000/-	1,50,000/-	4,42,500/-
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total Managerial Remuneration Total (B)=(1+2)	1,42,500/-	1,50,000/-	1,50,000/-	4,42,500/-
	Overall Ceiling as per the Act				

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

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total Amounts
		Shri H.V. Agnihotri (CFO)	Shri Kamlesh Joshi (Company Secretary)	
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,07,200/-	10,16,850/-	33,24,050/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	23,83,506/-	3,43,278/-	27,26,784/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	46,90,706/-	13,60,128/-	60,50,834/-

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

Annexure - 'H'

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

Name of Director	Designation	Ratio to Median Remuneration of the Employees
Shri Shailesh Khaitan	Chairman & Managing Director	85.78
Shri Utsav Khaitan	Whole Time Director	34.24
Shri Jagdish Lal Jajoo	Whole Time Director	13.90

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

Name of Managerial Personnel	Designation	% increase in remuneration
Shri Shailesh Khaitan	Chairman & Managing Director	206.8%
Shri Utsav Khaitan	Whole Time Director	191.67%
Shri Jagdish Lal Jajoo	Whole Time Director	136.79%
Shri Harsh Vardhan Agnihotri	President & Chief Financial Officer	140.43%
Shri Kamlesh Joshi	Company Secretary & General Manager	5.83%

iii. The % increase in the median remuneration of employees in the financial year : 23.12%

iv. The number of permanent employees on the rolls of the Company : 556

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

S. No.	Other Employee	Managerial Personnel
1	18.80%*	166.32%

* These increases are a function of the Company's market competitiveness within its comparator group as ascertained through the detailed salary benchmarking survey the Company undertakes annually. The increase during the year reflects the Company's reward philosophy as well as the results of the benchmarking exercise.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **Khaitan Chemicals and Fertilizers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, thereof ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Emphasis of Matter

We draw attention to Note 53 to the financial statement, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Further, our attendance at the physical inventory verification done by the management was impracticable under the current lock-down restrictions imposed by the Government and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditors Response
1.	<p>Recoverability position of trade receivables for newly explored markets.</p> <p>The company has material trade receivables amounting to Rs. 671.38 lakhs outstanding from more than one year.</p> <p>In past, the company has explored certain market against which recovery from trade receivables are still outstanding. Also, recovery is dependent on adequacy of monsoon.</p> <p>As explained by the management that the establishing of a newly explored market takes time and in past monsoon was not adequate.</p> <p>As per the prevailing policy the company has made the adequate provision for expected credit loss.</p> <p>Management has represented that the money will be realised, in due course.</p>	<p><u>Principal Audit Procedures</u></p> <p>Our procedures on the management's assessment of exploring the new markets and realisation of trade receivables included:</p> <ul style="list-style-type: none"> • Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls; • Gaining an understanding of the procedure adopted in exploring the market; • Obtaining sufficient audit evidence of receipts subsequent to the year end from the customers. • Assessed management's assumptions used to analyse the recoverability of trade receivables, • Through analyses of ageing of receivables, assessment of significant overdue trade receivables and the provision for impairment of credit receivable as made by the company. <p>Based on the management estimate, representation received, and the audit procedure applied in respect of new market, we consider the management's assessment as reasonable.</p>

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

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

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

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

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

Management's Responsibilities for the Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- c) The balance sheet, the statement of profit and loss including other comprehensive income, statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the relevant books of account;
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) relevant Rules, 2015, as amended, thereof;
- e) On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its financial statements – Refer Note 37 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts; and
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

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

Deepak K. Aggarwal
 Partner
 (Membership No. 095541)
 UDIN- 20095541AAADT5629

Place: New Delhi
 Date: June 22, 2020

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

To the Members of Khaitan Chemicals and Fertilizers Limited on its financial statements dated June 22, 2020

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

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

discrepancies, if any, noticed on such physical verification have been properly dealt with in the books of accounts.

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

Nature of Immovable Properties	No. of Properties	Gross Carrying Value (Rs. In Lakhs)	Net Carrying Value (Rs. In Lakhs)
Freehold Land	2	57.47	57.47
Leasehold Land	1	24.86	15.94
Total	3	82.33	73.41

- ii. The inventory of the Company has been physically verified by the management during the year (except for stock of Rock Phosphate, Sulphur and Single Super phosphate for which stock is taken on estimation basis and for the stock in transit and stock lying with outside parties). In our opinion, the frequency of verification is reasonable, the discrepancies noticed on physical verification of the inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, the paragraph 3(iii)(a) to (c) of the Order is not applicable to the Company.
- iv. As per the information and explanation given to us and on the basis of our examination of the records, the company has complied with provision of section 185 and 186 of the Act, with respect to the loans and investment made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to the Company.
- vi. We have broadly reviewed the books of accounts maintained in pursuance to sub section (1) of Section 148 of the Act in respect of single super phosphate fertilizers, sulphuric acid and refined vegetable oil manufactured by the Company and are of the opinion that, prima facie, the prescribed records and accounts have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing its undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable, with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of excise, service tax and goods and service tax which have not been deposited on account of any dispute, except the following dues of income tax, sales-tax, duty of customs, value added tax and cess along with the forum where the dispute is pending as follows:

- viii. According to the information and explanations given to us and as per the books and records examined by us, in our opinion, the company has not defaulted in repayment of loans or borrowings to a financial institution and banks. The Company has not taken any loans from debenture holders and Government.
- ix. In our opinion and on the basis of information and explanations given to us, the company has not raised any monies by way of initial public offer or further public offer or term loan during the financial year, hence the related reporting requirement of the Order are not applicable.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- xii. The company is not a Nidhi company, hence the related reporting requirement of the Order are not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.
- xiv. As the Company has not made any preferential allotment and private placement of shares or fully & partly convertible debentures during the year under review, the requirement of section 42 of the Act are not applicable.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Deepak K. Aggarwal
Partner
Membership No: 095541
UDIN- 20095541AAAADT5629

Place: New Delhi
 Date: June 22, 2020

Name of the Statute	Nature of dues	Amount (Rs.)	Amount paid under protest (in Rs lacs)	Amount outstanding (in Rs. lacs)	Period to which the amount relates	Forum where the dispute is pending
Mines and Minerals (Development and Regulation) Act, 1957	Royalty on rock phosphate	158.36	39.59	118.77	2004-05	Honourable, Supreme Court, Delhi
Commercial Tax Act, 1994	Purchase Tax	64.20	63.38	0.82	2004-05	High Court of Madhya Pradesh, Jabalpur
UP Trade Tax, 1948	Trade Tax	1.53	0.53	1.00	2006-07	The Deputy Commission Commercial Tax, Jhansi
Custom Act, 1962	Custom Duty	185.47	18.54	166.93	2004-05 to 2008-09	Commissioner Appeal, Mumbai
Income Tax Act, 1962	Income Tax	1.16	-	1.16	2009-10	CIT (Appeal)- New Delhi
Income Tax Act, 1962	Income Tax	84.89	16.98	67.91	2011-12	CIT (Appeal)- New Delhi
Income Tax Act, 1962	Income Tax	22.77	-	22.77	2016-17	CIT (Appeal)- New Delhi
Income Tax Act, 1962	Income Tax	19.85	-	19.85	For Various Year	TDS- CPC
U.P. Sales Tax	Sales Tax	2.66	-	2.66	2011-12	DY. Commissioner, Jhansi
U.P. Sales Tax	Sales Tax	2.57	-	2.57	2013-14	DY. Commissioner, Jhansi
U.P. Central Sales Tax, 1956	Sales Tax	0.69	-	0.69	2013-14	DY. Commissioner, Jhansi
U.P. Entry Tax, 2007	Entry Tax	0.11	-	0.11	2013-14	DY. Commissioner, Jhansi

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

Annexure B to the Independent Auditor's Report to the Members of Khaitan Chemicals and Fertilizers Limited ('the Company') on its financial statements dated June 22, 2020.

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

We have audited the internal financial controls over financial reporting of **Khaitan Chemicals and Fertilizers Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Deepak K. Aggarwal
Partner
Membership No: 095541
UDIN- 20095541AAAADT5629

Place: New Delhi
Date: June 22, 2020

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



Balance Sheet as at 31st March, 2020

Rs. In Lacs

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current Asset			
Property, plant and equipment	4	10,101.75	10,757.60
Right of Use Assets	4a	143.23	-
Capital work-in-progress	4b	48.27	5.97
Intangible assets	5	1.17	2.34
Financial Assets			
I) Investments	6	132.16	198.24
II) Other Financial Assets	7	382.84	354.49
Income tax assets (net)	15	30.71	12.90
Other non-current assets	8	-	-
		10,840.13	11,331.54
Current Asset			
Inventories	9	11,291.71	8,887.43
Financial Assets			
i) Trade receivables	10	5,353.22	5,902.03
ii) Cash and cash equivalents	11	36.99	33.01
iii) Bank balances other (iii) above	12	495.77	681.16
iv) Loans	13	41.63	39.05
v) Other financial assets	14	803.59	267.93
Other current assets	16	10,045.36	8,142.22
		28,068.27	23,952.84
TOTAL ASSETS		38,908.40	35,284.37
EQUITY & LIABILITIES			
Equity			
Equity share capital	17	969.89	969.89
Other equity	18	14,335.73	12,841.78
Total Equity		15,305.62	13,811.67
Non current liabilities			
Financial liabilities			
I) Borrowings	19	1,908.82	3,136.42
II) Other financial liabilities	20	50.77	98.86
iii) Lease Liabilities		152.50	-
Provisions	21	136.16	96.56
Deferred tax liabilities (net)	22	866.83	568.53
		3,115.08	3,900.37
Current liabilities			
Financial liabilities			
I) Borrowings	23	10,635.58	9,502.48
II) Trade payables	24	-	10.88
Total outstanding dues of micro enterprises and small enterprises		-	10.88
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,167.68	5,081.14
III) Other financial liabilities	25	2,865.54	1,789.29
Other current liabilities	26	1,679.73	1,140.04
Provisions	27	59.43	48.50
Income tax liabilities (net)	28	79.74	-
		20,487.70	17,572.33
TOTAL EQUITY AND LIABILITY		38,908.40	35,284.37
Company information	1		
Basis of preparation of financial statements	2		
Significant accounting policies	3		

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

As per our report of even date

For NSBP & Co.

Chartered Accountants

Firm's Registration No. : 001075N

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

SHAILESH KHAITAN

(Chairman & Managing Director)

(DIN : 00041247)

Place : New Delhi

HARSH VARDHAN AGNIHOTRI

(President & Chief Financial Officer)

PAN No. : ACXPA9315K

Place : Indore

DEEPAK K. AGGARWAL

Partner

Membership No. 095541

Place : New Delhi

Date : June 22, 2020

KAMLESH JOSHI

(Company Secretary & General Manager)

Membership No. : FCS 5096

Place : Indore

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



Statement of Profit and Loss for the year ended 31st March, 2020

Rs. In Lacs

	Note	For the Year ended 31.03.2020	For the Year ended 31.03.2019
REVENUE:			
Revenue from Operations	29	43,711.31	37,259.83
Other Income	30	226.64	77.95
Total Income		43,937.95	37,337.78
EXPENSES:			
Cost of material consumed	31	25,687.89	22,361.38
Purchase of Stock in Trade		3,331.03	15.34
Changes in inventories of finished goods, stock-in-Trade and work-in-progress	32	(3,313.35)	(198.32)
Employee benefits expense	33	2,248.43	1,871.16
Finance costs	34	1,810.47	2,201.26
Depreciation and amortisation expense	35	851.52	875.66
Other expenses	36	11,166.04	8,954.05
Total Expenses		41,782.03	36,080.53
Profit/(loss) before exceptional items and tax		2,155.92	1,257.25
Exceptional Items			
Profit/(loss) before tax		2,155.92	1,257.25
Tax expense:			
a) Current tax		395.74	278.56
b) Deferred tax		249.18	176.08
c) Earlier Year Tax		2.95	12.87
Profit/(loss) for the year from continuing operation		1,508.05	789.74
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit plans		(48.95)	0.73
Less: Tax on Re-measurements of defined benefit plans		17.10	(0.26)
Changes in fair value of financial assets if designated to OCI		(66.08)	54.32
Less: Deferred Tax on Changes in fair value of financial assets if designated to OCI		6.63	(5.45)
Items that will be reclassified to profit or loss			
Gains & (Losses) in Cash Flow Hedges		208.49	(2.55)
Less: Tax Relating to items that will be reclassified to profit & Loss		(72.85)	0.89
Total comprehensive income for the year		1,552.40	837.42
Earnings per equity share (Face value of Re. 1/- per share)			
1) Basic		1.55	0.81
2) Diluted		1.55	0.81
Company information	1		
Basis of preparation of financial statements	2		
Significant accounting policies	3		

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

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

As per our report of even date

For NSBP & Co.

Chartered Accountants

Firm's Registration No. : 001075N

SHAILESH KHAITAN

(Chairman & Managing Director)

(DIN : 00041247)

Place : New Delhi

HARSH VARDHAN AGNIHOTRI

(President & Chief Financial Officer)

PAN No. : ACXPA9315K

Place : Indore

DEEPAK K. AGGARWAL

Partner

Membership No. 095541

Place : New Delhi

Date : June 22, 2020

KAMLESH JOSHI

(Company Secretary & General Manager)

Membership No. : FCS 5096

Place : Indore

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



Cash Flow Statement for the year ended 31st March, 2020

Rs. In Lacs

	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Cash flow from operating activities		
Profit for the period (Before tax)	2,155.92	1,257.25
Adjustments to reconcile net profit to net cash by operating activities		
Depreciation, amortization expense & Lease expenses	851.52	875.66
Net Loss on sale of property, plant and equipment	-	(17.44)
Provision for Doubtful debt	145.44	79.93
Provision for Doubtful Advances	-	23.41
Provision for Non Moving Inventory	66.67	15.17
CWIP Written off	-	56.62
Finance costs	1,810.47	2,201.26
Interest income	(53.60)	(42.60)
	<u>4,976.42</u>	<u>4,449.25</u>
Adjustments for:		
(Increase)/ decrease in inventories	(2,470.95)	(1,411.08)
(Increase)/ decrease in trade receivables	422.05	4,795.96
(Increase)/ decrease in short-term loans	(2.58)	(5.48)
(Increase)/ decrease in other financial current assets	(333.87)	44.23
(Increase)/ decrease in other current assets	(1,910.48)	(188.25)
(Increase)/ decrease in other non-current Financial assets	(28.35)	(1.03)
(Decrease)/ increase in short & long term provision	1.59	(4.04)
(Decrease)/ increase in other non current financial liabilities	(48.09)	1.62
(Decrease)/increase in trade payable	75.67	1,196.54
(Decrease)/ increase in other financial current liabilities	722.20	210.08
(Decrease)/ increase in other current liabilities	539.69	416.94
Cash (used in)/from operations	<u>1,943.29</u>	<u>9,504.74</u>
Direct taxes(net of refund)	(336.62)	(256.95)
Net cash flow (used in)/from operating activities	<u>1,606.67</u>	<u>9,247.79</u>
Cash flow from investing activities		
Expenditure on Property, plant and equipment including CWIP	(140.96)	(301.39)
Proceeds from Property, plant and equipment selling	-	61.89
Proceeds of Margin Money Deposits	178.05	(207.12)
Interest received	65.57	29.94
Net cash flow from/ (used in) investing activities	<u>102.66</u>	<u>(416.68)</u>
Cash flow from financing activities		
Repayments of non-current borrowings	(955.07)	(970.65)
Repayment of current borrowing (Net)	1,133.10	(5,507.89)
Dividend Paid	(55.84)	(53.34)
Tax on Dividend	(9.97)	(9.97)
Interest paid (Including Lease Liabilities Interest)	(1,721.61)	(2,286.26)
Repayment of Lease Liabilities	(95.96)	-
Net cash Flow from/ (used in) financing activities	<u>(1,705.34)</u>	<u>(8,828.11)</u>
Net increase / (decrease) in cash and cash equivalent (A+B+C)	<u>3.98</u>	<u>3.00</u>
Cash and cash equivalent at the beginning of the year	33.01	30.01
Cash and cash equivalent at the end of the year	<u>36.99</u>	<u>33.01</u>
Components of cash and cash equivalent		
Cash on hand	8.04	7.03
With Bank - on current account	28.95	25.98
Total cash and cash equivalent	<u>36.99</u>	<u>33.01</u>

Note: 1. The above cash flow statement has been prepared under the indirect method as set out in

Ins -AS 7 specified under section 133 of the Companies Act, 2013

2. Figures in brackets denote cash outflow.

3. Previous year figures have been regrouped and recasted where ever necessary to confirm the current year classification.

Company information

Basis of preparation of financial statements

Significant accounting policies

1

2

3

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

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

As per our report of even date

For NSBP & Co.

Chartered Accountants

Firm's Registration No. : 001075N

SHAILESH KHAITAN

(Chairman & Managing Director)

(DIN : 00041247)

Place : New Delhi

HARSH VARDHAN AGNIHOTRI

(President & Chief Financial Officer)

PAN No. : ACXPA9315K

Place : Indore

DEEPAK K. AGGARWAL

Partner

Membership No. 095541

Place : New Delhi

Date : June 22, 2020

KAMLESH JOSHI

(Company Secretary & General Manager)

Membership No. : FCS 5096

Place : Indore



Statement of Changes in Equity for the year ended March 31, 2020

Rs. in Lacs								
a. Equity Share Capital								
	As at March 31, 2020	Changes during the year		As at March 31, 2019	Changes during the year		As at March 31, 2018	
Equity Share of Rs.1/- each issued subscribed and fully paid	969.89		-	969.89		-	969.89	
Rs. in Lacs								
b (i). Other Equity								
	Reserves and Surplus*				Other Comprehensive Income*			Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Equity Instrument thorough other comprehensive income	Effective Portion of Cash flow hedges	Re-measurements of defined benefit plans	
Balance as at April 01, 2018	1,545.93	2,152.58	2,791.24	5,454.08	120.95		(1.96)	12,062.82
Restated balance at the beginning of the reporting period	1,545.93	2,152.58	2,791.24	5,454.08	120.95		(1.96)	12,062.82
Profit/ (loss) for the year				789.74			(1.96)	789.74
Other comprehensive income					48.87	(1.66)	0.48	47.69
Total Comprehensive Income for the year	-	-	-	789.74	48.87	(1.66)	0.48	837.42
Final Dividend				(48.49)				(48.49)
Dividend Distribution Tax				(9.97)				(9.97)
Transfer to retained earnings	(2.04)			2.04				-
Balance as at March 31, 2019	1,543.89	2,152.58	2,791.24	6,187.40	169.82	(1.66)	(1.48)	12,841.78
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	1,543.89	2,152.58	2,791.24	6,187.40	169.82	(1.66)	(1.48)	12,841.78
Profit/ (loss) for the year				1,508.05	(59.44)	135.63	(31.84)	1,552.40
Other comprehensive income								-
Total Comprehensive Income for the year	-	-	-	1,508.05	(59.44)	135.63	(31.84)	1,552.40
Final Dividend				(48.49)				(48.49)
Dividend Distribution Tax				(9.97)				(9.97)
Transfer to retained earnings	(2.04)			2.04				-
Balance as at March 31, 2020	1,541.85	2,152.58	2,791.24	7,639.03	110.38	133.97	(33.33)	14,335.73

b(ii) * Nature and Purpose of Reserves

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

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

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

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

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

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

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

DEEPAK K. AGGARWAL
 Partner
 Membership No. 095541
 Place : New Delhi
 Date : June 22, 2020

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

Summary of significant accounting policies and Notes on accounts for the year ended 31st March, 2020

1. Corporate Information

Khaitan Chemicals and Fertilizers Limited (the Company) is engaged in the manufacturing of Single Super Phosphate Fertilisers (Plain, Zincated and Boronated in powder form and granulated form), Sulphuric Acid and its variants, Trading of NPK Fertilisers, Processing of Oil Seed (mainly Soybean) and crude edible oil, selling of De-Oiled Cake and Crude/Refined Oil & Generation and selling of Wind Power. The Company is a public limited company incorporated and domiciled in India under the provisions of Companies Act, 2013. Its shares are listed on the Bombay Stock Exchange Limited, Mumbai (BSE). The financial statements are presented in INR and all values are rounded to the nearest INR Lakh (100 Thousand), except when otherwise indicated. These financial statements were approved and adopted by the Board of Directors of the Company in their meeting held on June 22, 2020.

2. Basis of Preparation of Financial Statements

a) Statement of compliance

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

b) Basis of preparation of financial statements

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

c) Use of Estimates

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

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

(i) Property, plant and equipment

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

(ii) Recognition and measurement of defined benefit obligations

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

(iii) Intangibles

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

(iv) Provision for contingencies

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

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

d) Classification of Assets and Liabilities as Current and Non-Current

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realisation in cash and cash equivalent, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Significant Accounting Policies for the year ended 31st March, 2020.

a) Revenue Recognition

- i. **Sale** - Revenue from the sale of goods is recognised, when all the significant risks and rewards of ownership of the goods have passed to the buyer, the Company no longer has effective control over the goods sold, the amount of revenue and costs associated with the transaction can be measured reliably and no significant uncertainty exists regarding the amount of Consideration that will be derived from the sales of Goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The sales amount includes the excise duty and exclude Value added tax/sales tax. Export incentives, Duty drawbacks, Goods and Service Tax and other benefits are recognized in the Statement of Profit and Loss.
- ii. **Interest** - Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable, effective interest method, wherever applicable.
- iii. **Subsidy** - Fertilizer Subsidy, wherever applicable, is accounted for on actual sales and is net off of any subsequent non receipt reversal.
- iv. **Dividend** - Dividends are accounted for when the right to receive the dividend payment is established

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

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price.

Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

b) Government Grants and Subsidies

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

Government grants related to revenue nature are recognized on a systematic basis in the Statement of

Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate and are adjusted with the related expenditure.

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

c) Employee Benefits

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

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

a) Defined contribution plans:

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to revenue.

b) Defined benefits plans:

Company's Liability towards gratuity and leave encashment is actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized in Other Comprehensive Income and other costs are recognized in statement of profit and loss. Gratuity and Leave encashment liabilities are funded and administered through Group Gratuity Scheme with Life Insurance Corporation of India.

d) Leases

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

The Company as a lessee

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

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

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

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

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

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

The Company as a lessor

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

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of 239.18 Lakhs and a 'Lease Liability' of equivalent amount. The effect of this adoption is insignificant on the profit before tax, profit for the year and earnings per share. Ind-AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, IndAS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

e) Borrowing Cost

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

f) Property, plant and equipment

- i. Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts, rebates & Input of GST and other taxes availed, are deducted in arriving at the purchase price.
- ii. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.
- iii. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.
- iv. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets is derecognized.
- v. Machinery Spares /Standby equipment's which are used only in connection with Property, plant and equipment and are of material value to the overall value of the asset are capitalized.

g) Intangible assets

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets is derecognized.

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

h) Depreciation and Amortisation

- i. Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed in Schedule II of the Companies Act, 2013, except in respect of certain categories of assets in whose case the life has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.
- ii. Depreciation for assets purchased/sold during a period are proportionately charged.
- iii. Intangible Assets are amortized on straight-line basis over the estimated useful economic life not exceeding 10 years. The Intangible Assets are assessed for impairment whenever there is an indication that the Intangible assets impaired.
- iv. The leasehold land is amortised over the primary lease period excluding on perpetual lease. Freehold land is not depreciated.
- v. Assets individually costing Rs 5,000 or less are depreciated fully in the year of purchase

i) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount and such assets are written down to their recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses, recognized for the assets, no longer exists or have decreased to the extent of previously recognized impairment losses.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

j) Inventories

Inventories are valued at the lower of cost and estimated net realisable value. However, material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated / used are expected to be sold at or above cost.

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

Cost for various items of inventory is determined as under:

Raw Material	Quarterly weighted average method for Fertilizer Division and FIFO method for Agri Division.
Packing material and Stores & Spares	Monthly weighted average method.
Finished goods and work-in-progress	Raw material cost and proportion of manufacturing overheads. Excise duty, if any, is included in the value of Finished goods Inventory.

k) Financial Assets & Liabilities

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

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

i. Financial Assets at Amortised Cost

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

ii. Financial Assets at Fair value through Other Comprehensive Income

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

iii. Financial Assets at Fair value through Profit or Loss

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

Trade Receivables

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

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

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

Investment in Equity Shares.

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

Derecognition.

Financial Asset is primarily derecognised when:

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

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

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

Financial Liabilities

Initial recognition and measurement

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

Subsequent Measurement.

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

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

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

ii. Financial Liabilities measured at Amortised Cost.

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

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

iii. Loans and Borrowings.

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

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

iv. Trade and Other Payables.

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

De-recognition of Financial Liability

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

Offsetting of Financial Instruments

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

Derivative Financial Instruments

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

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

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

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

Cash flow hedge

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

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

Foreign Currency Transactions/ Hedge Accounting

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

• Initial recognition

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

• Conversion

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

• Exchange differences

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

l) Taxation

Income Tax

The current tax is determined as the amount of tax payable in respect of the estimated taxable income for the year in accordance with the provisions of Income Tax Act, 1961. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred Tax

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

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

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

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

Minimum Alternate Tax

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

m) Pre project expenditure

The expenses on pre-feasibility study reports, market survey reports, and techno-economic feasibility reports etc. on new projects are allocated to the Fixed Assets on completion of the projects. Where the projects are proved in-fructuous, they are charged to the revenue in the year in which the decision is taken to scrap the same.

n) Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Indian Accounting Standard 33- "Earning per share". Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The Company does not have any diluted equity share, hence Basic and Dilutive earning per share is same.

o) Provisions and Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

p) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statements comprises cash at bank and in hand and short term investments with an original maturity of 3 months or less.

q) Cash Flow Statements

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

r) Derivatives Instruments

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

s) Segment Reporting

The Company is organized into three primary business segments mainly Fertilizer and Chemicals, Agro (Soya) and others, based on nature of products. The management and administration are centralized and considered as part of 'Fertilizer & Chemicals' segment, being major activities.

Unallocated items include general corporate income, expense, assets and liabilities items which are not allocated to any business segment.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as whole.

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

t) Fair Value Measurements

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

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

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

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

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

u) Significant Accounting Judgments, Estimates and Assumptions

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

i. Income taxes

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

ii. Contingencies

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

iii. Allowance for uncollected accounts receivable and advances

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

iv. Defined Benefit Plans.

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

v. Fair Value Measurement of Financial Instruments.

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

Recent accounting pronouncements: Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April, 2020.

Notes to the financial statements for the year ended 31st March, 2020

4. Property, Plant and equipment

Rs. in Lacs

	Land- Freehold ^(b)	Land- Leasehold ^(c)	Buildings	Plant and Equipment	Furniture & Fixtures	Vehicles ^(a)	Office Equipment	Computers	Total
Gross carrying value as at April 01, 2018	559.57	454.41	4,624.75	6,698.67	54.64	170.94	42.19	29.33	12,634.50
Additions	-	-	144.76	114.69	-	28.54	3.94	3.86	295.79
Adjustments / deletions	-	-	-	(115.08)	-	(11.88)	-	-	(126.96)
Gross carrying value as at March 31, 2019	559.57	454.41	4,769.51	6,698.28	54.64	187.59	46.13	33.19	12,803.33
Additions	-	-	5.52	46.29	20.27	10.44	3.99	12.15	98.66
Adjustments / deletions	-	-	-	-	-	-	-	(0.35)	(0.35)
Gross carrying value as at March 31, 2020	559.57	454.41	4,775.03	6,744.57	74.91	198.04	50.12	44.99	12,901.63
Accumulated Depreciation/ amortisation as of April 01, 2018	-	10.02	260.20	1,047.40	16.21	82.25	10.54	13.19	1,275.31
Depreciation/ amortisation	-	5.01	111.16	679.70	7.53	31.69	10.02	7.83	852.94
Adjustments / deletions	-	-	-	(70.65)	-	(11.88)	-	-	(82.53)
Accumulated Depreciation/ amortisation as of March 31, 2019	-	15.03	371.36	1,656.45	23.74	62.44	20.56	21.02	2,045.72
Depreciation/ amortisation	-	5.01	126.53	565.00	7.97	33.32	8.25	7.73	753.83
Adjustments / deletions	-	-	-	-	-	-	-	(0.34)	(0.34)
Accumulated Depreciation/ amortisation as of March 31, 2020	-	20.04	497.89	2,221.44	31.71	29.11	28.81	29.09	2,799.88
Carrying value as at March 31, 2019	559.57	439.38	4,398.14	5,041.84	30.90	250.03	25.57	12.17	10,757.60
Carrying value as at March 31, 2020	559.57	434.37	4,277.13	4,523.13	43.20	227.15	21.32	15.90	10,101.75

NOTES: (a) Vehicles include motor cars taken on hire purchase with a gross value of Rs 18.50 lakhs (previous year Rs 18.50 lakhs).

(b) Freehold Land measuring 1,76,460 Sq. Meter amounting to Rs 57.47 Lakhs (previous year Rs 57.47 Lakhs) is yet to be transferred in the name of the Company. These lands were acquired in pursuance of scheme of amalgamation/merger sanctioned Hon'ble High Courts.

(c) Leasehold Land of Malwan unit measuring 151650.72 Sq. Meter amounting to Rs 24.86 lakhs (Net Block Rs 15.94 lakhs) acquired by virtue of amalgamation sanctioned by BIFR order dated 12th April 2006, is yet to be transferred in the name of the Company

(d) Refer note no. 20 for charges on property plant and equipments.

4a. Right of Use Assets

Rs. In Lacs

	As at March 31, 2020	As at March 31, 2019
Right of Use Assets	143.23	-
Total	143.23	-

4b. Capital Work-in Progress

Rs. In Lacs

	As at March 31, 2020	As at March 31, 2019
Capital work-in progress	48.27	5.97
Total	48.27	5.97

5. Intangible assets

	Bought out	Total
Gross carrying value as at April 01, 2018	56.56	56.56
Additions	-	-
Adjustments / deletions	-	-
Gross carrying value as at March 31, 2019	56.56	56.56
Additions	-	-
Adjustments / deletions	-	-
Gross carrying value as at March 31, 2020	56.56	56.56
Accumulated amortisation as of April 01, 2018	(31.50)	(31.50)
Amortisation	(22.72)	(22.72)
Adjustments / deletions	-	-
Accumulated amortisation as of March 31, 2019	(54.22)	(54.22)
Amortisation	(1.16)	(1.16)
Adjustments / deletions	-	-
Accumulated amortisation	(55.38)	(55.38)
Carrying value as at March 31, 2019	2.34	2.34
Carrying value as at March 31, 2020	1.17	1.17



Notes to the financial statements for the year ended 31st March, 2020

6. Non-current- Investments

Rs. In Lacs

	As at March 31, 2020	As at March 31, 2019
Unquoted equity shares (fully paid up)		
Unquoted equity shares (fully paid up)		
Investment in structured entities at Fair value through other comprehensive income		
National Board of Trade Limited	0.01	0.01
16,100 shares (Previous year 16,100 shares) of fully paid up equity share of Rs. 10/- each		
Quoted equity shares (fully paid up)		
Investment in structured entities at Fair value through other comprehensive income		
Shradha Project Limited	132.15	198.23
9,48,000 shares (Previous Year 9,48,000 Shares) of fully paid up equity share of Re. 1/- each		
Total	132.16	198.24
Aggregate value of Quoted investments and fair value thereof	132.15	198.23
Aggregate value of Un-Quoted investments and fair value thereof	0.01	0.01
Aggregate Provision for impairment in the value of investments and fair value thereof		

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

7. Non-current- Other Financial Assets

Rs. In Lacs

	As at March 31, 2020	As at March 31, 2019
Security deposits	382.19	353.85
Bank deposits with maturity of more than 12 months*	0.65	0.64
Total	382.84	354.49

* pledged with government authorities and others

8. Other Non-Current Assets

Rs. In Lacs

	As at March 31, 2020	As at March 31, 2019
Other advances:		
Subsidy receivable	142.88	142.88
Less: Subsidy payable to Bank of India on realisation	(142.88)	(142.88)
Total	-	-

9. Current Inventories

Rs. In Lacs

	As at March 31, 2020	As at March 31, 2019
Raw materials	1,992.42	2,105.16
Raw material in transit	163.01	928.17
Work-in-progress	4.29	4.29
Finished goods	6,299.91	4,613.78
Stock-in-trade	1,639.82	12.61
Stores and spares	1,308.27	1,272.77
Less: Provision for Non Moving Stores	(116.01)	(49.35)
Total	11,291.71	8,887.43

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

10. Current Trade receivables

Rs. In Lacs

	As at March 31, 2020	As at March 31, 2019
Secured, considered good	-	-
Unsecured, considered good	5,353.22	5,902.03
Having significant increase in credit risk	325.02	198.25
Credit Impaired		
Impairment allowance (allowances for bad and doubtful receivables)	(325.02)	(198.25)
Total	5,353.22	5,902.03



Notes to the financial statements for the year ended 31st March, 2020

11. Current - Cash and cash equivalents

	Rs. In Lacs	
	As at	As at
	March 31, 2020	March 31, 2019
Cash on hand	8.04	7.03
Balance with banks	28.95	25.98
Total	36.99	33.01

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

	Rs. In Lacs	
	As at	As at
	March 31, 2020	March 31, 2019
Earmarked balances with banks:		
Unpaid dividend account	12.14	19.48
Margin money deposits	483.63	661.68
Total	495.77	681.16

- Note**
- a) Margin Money Deposits are subject to first charge to secure the Company's Letter of Credit's & Bank Guarantees.
 - b) Margin money deposits includes an interest accrued of Rs. 8.87 Lacs (Previous Year 29.85 Lacs)
 - c) **Unclaimed dividend account** If the dividend has not been claimed within 30 days from the date of its declaration, the Company is required to transfer the total amount of the dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

13. Current Loans

	Rs. In Lacs	
	As at	As at
	March 31, 2020	March 31, 2019
Other loans (unsecured, considered good)		
Loan/advances to employees	41.63	39.05
Total	41.63	39.05

14. Current Other Financial Assets

	Rs. In Lacs	
	As at	As at
	March 31, 2020	March 31, 2019
(unsecured, considered good)		
Security deposits	235.06	238.16
Interest receivable	14.16	26.13
Derivative financial instrument (at fair value through P&L & OCI)	552.11	-
Unbilled Revenue	2.26	3.64
Total	803.59	267.93

15. Non-Current Income tax assets (net)

	Rs. In Lacs	
	As at	As at
	March 31, 2020	March 31, 2019
Prepaid Taxes	30.71	12.90
Total	30.71	12.90

16. Other current assets

	Rs. In Lacs	
	As at	As at
	March 31, 2020	March 31, 2019
Advances other than Capital Advances		
Advance to suppliers & contractors	428.76	463.99
Less: Provision for bad & doubtful advances	(26.61)	(26.61)
Total advance to suppliers & contractors	402.15	437.38
Government subsidies receivable- Unsecured considered good		
Government subsidies receivable	7,481.72	6,569.98
Impairment allowance (allowances for government subsidies)	(40.24)	(69.02)
Total Government subsidies receivable	7,441.48	6,500.97
Prepaid expenses	94.75	116.63
Balances with statutory/govt. authorities	1,641.80	876.96
Other advances recoverable in cash or in kind	368.19	101.64
Taxes/duties deposited under protest	96.99	108.64
Total	10,045.36	8,142.22



Notes to the financial statements for the year ended 31st March, 2020

17. Share Capital

	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Authorised		
22,00,00,000 shares (Previous year 22,00,00,000 shares) of par value of Re. 1/- each	2,200.00	2,200.00
Issued		
9,71,24,420 shares (Previous year 9,71,24,420 shares) of par value of Re.1/- each	971.24	971.24
Subscribed and fully paid-up		
9,69,89,200 shares (Previous year 9,69,89,200 shares) of par value of Re.1/- each	969.89	969.89
Total	969.89	969.89

Note

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

	Rs. In Lacs			
	As at March 31,2020		As at March 31, 2019	
	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs
At the beginning of the year	96,989,200	969.89	96,989,200	969.89
changes during the year				
Outstanding at the end of the year	96,989,200	969.89	96,989,200	969.89

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

	As at March 31,2020		As at March 31, 2019	
	No. of shares	% of shares	No. of shares	% of shares
Shradha Projects Limited	45,763,640	47.18	45,763,640	47.18
The Majestic Packaging Co. Pvt. Ltd.	22,049,310	22.73	22,049,310	22.73

18. Other equity

	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Capital reserve		
Opening balance	1,543.89	1,545.93
Transferred to retained earnings	(2.04)	(2.04)
Closing capital reserve	1,541.85	1,543.89
Securities premium		
Opening balance	2,152.58	2,152.58
Addition/adjustments	-	-
Closing securities premium	2,152.58	2,152.58
General reserve		
Opening balance	2,791.24	2,791.24
Addition/adjustments	-	-
Closing general reserve	2,791.24	2,791.24

Notes to the financial statements for the year ended 31st March, 2020

Rs. In Lacs

Surplus in Statement of Profit & Loss		
Opening Balance	6,187.40	5,454.08
Profit for the year	1,508.05	789.74
Final dividends paid	(48.49)	(48.49)
Dividend distribution tax paid	(9.97)	(9.97)
Transfer from capital reserve	2.04	2.04
Closing Surplus in Statement of Profit & Loss	7,639.04	6,187.40
Other Comprehensive Income		
Opening Balance	166.68	118.99
Addition/adjustments	44.35	47.69
Closing Comprehensive Income	211.02	166.68
Total other equity	14,335.73	12,841.78

Note:

The Company has proposed final dividend for the year 2019-20 @ Re.0.20 per equity share of Re. 1/- each (previous year Re. 0.05 per equity share).

19. Non-Current Borrowings

Rs. In Lacs

	As at March 31, 2020	As at March 31, 2019
Term Loan		
Secured		
Indian Rupee Loan from Banks	405.17	2,568.47
Foreign Currency Loan from Banks	1,219.68	-
Financial Institution	3.14	14.59
Less: Current Maturities	1,340.17	1,067.64
	287.82	1,515.42
Loan from related parties		
Unsecured	1,621.00	1,621.00
Total	1,908.82	3,136.42

- i) Rupee Term Loan of Rs.23.76 Lakhs (Previous Year 437.77 Lakhs), & Foreign Currency Term Loan of Rs. 263.50 Lacs (Previous Year NIL), (Sanctioned Rs.1,000 Lakhs in FY 2016-17) from State Bank of India, is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari- passu basis with existing charge holders and repayable in 17 instalments comprising of 16 instalments of Rs 43.00 Lakhs each and balance in last instalments ending on 31st December, 2021.
- ii) Rupee Term Loan of Rs. 20.80 Lakhs (Previous Year 1598.94 Lakhs) and Foreign Currency Term Loan of Rs 956.18 Lacs (Previous Year NIL) (Sanctioned Rs.3,000.00 Lakhs in FY 2015-16) from State Bank of India is primarily secured by way of first charge on entire immovable assets and moveable fixed assets of the Company, both present and future on pari- passu basis with existing charge holders and repayable in 22 quarterly instalments comprising of 2 Instalment of Rs.50.00 Lakhs each , 4 Instalments of Rs. 75.00 Laths each , 4 Instalments of Rs 100.00 Lakhs each, 4 Instalments of Rs 150.00 Lakhs each, 4 Instalments of Rs 175.00 Lakhs each, 2 Instalments of Rs. 200.00 Lakhs each, 1 Instalment of Rs. 250.00 Lakhs and balance in last instalment ending on 31.03.2021.
- iii) Rupee Term Loan of Rs.285.71 Lakhs (Previous Year 428.57 Lakhs), (Sanctioned Rs.1,000.00 Lakhs) by IDBI Bank Ltd., is primarily to be secured by way of first charge on entire immovable assets and movable fixed assets of the Company both present and future on pari-passu with existing charge holder and repayable in 28 equal quarterly instalment of Rs.35.71 Lakhs each ending on 1st January, 2022.
- iv) All the above loans are collaterally secured through second charge by way of hypothecation on the entire current assets of the company on pari-passu basis with existing charge holder. These loans are irrevocably and unconditionally guaranteed by Chairman & Managing Director, Shri Shailesh Khaitan. Loan of Rs.1,000.00 Lakhs sanctioned in FY 2014-15 by IDBI Bank is collaterally secured by mortgage of two properties of Shradha projects Ltd., situated at Indore and pledge of 12 Lakhs equity shares of the Company . Corporate loan of Rs 3,000.00 Lakhs sanctioned by State Bank of India in FY 2015-16 is collaterally secured by pledge of 2,82,96,760 fully paid up equity shares of the Company .
- v) Rupee Term Loan of Rs 63.99 Lakhs (Previous Year 102.71 Lakhs), (sanctioned Rs 185.98 Lakhs in 2016-17) have been availed from Axis Bank with tenure of 60 months ending 15th Sept , 2021. The Loan is secured by the hypothecation of the car.
- vi) Rupee Term Loan of Rs 3.14 Lakhs (Previous Year 14.59 Lakhs),(sanctioned Rs 49.50 Lakhs) have been availed from BMW Financial Services with tenure of 60 months ending 1st June , 2020. The Loan is secured by the hypothecation of the car.
- vii) Rupee Term Loan of Rs 10.62 Lakhs (Previous Year 13.15) (sanctioned Rs 14.67 Lakhs in 2018-19) have been availed from Yes bank with tenure of 60 months ending 2nd August 2023. The Loan is secured by the hypothecation of the car.
- viii) Unsecured Loan & Advances of Rs 1621.00 Lakhs has been procured from related party viz Shradha Projects Ltd , Accord Infra Properties Private Ltd, Lilac Properties Private Ltd & Shradha Technopack Private Ltd as promoter fund infusion towards SBI Loan. Rs 1621.00 Lakhs are repayable after the maturity of the Loan.

Notes to the financial statements for the year ended 31st March, 2020

20. Non-current-other Financial Liabilities	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Security Deposits	50.77	98.86
Total	50.77	98.86

21. Non-current-Provisions	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Provisions for Employee Benefits	136.16	96.56
Total	136.16	96.56

22. Non-current-Deferred tax liabilities (net)	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Deferred Tax Liability on account of:		
a) Timing difference on depreciation and amortisation	2,161.32	2,266.09
b) M2M Forex /others	(72.13)	1.61
c) Remeasurement of borrowings	(0.10)	4.43
d) Fair value of investments at FVTOCI	10.74	18.95
Deferred Tax Liability	2,099.83	2,291.08
Deferred Tax Assets on account of:		
a) Provisions for doubtful debts/Non-moving Items	177.47	119.93
b) Losses on Specified Business/Other business losses	210.52	1,175.76
c) Expense allowed on payment/ settlement basis	86.52	67.06
d) MAT credit entitlement	758.48	359.78
Deferred Tax Asset	1,232.99	1,722.54
Deferred Tax Liability/(Assets)(net)	866.83	568.53

23. Current-Borrowings	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Loans Repayable on Demand		
Secured From Banks		
Cash Credits / Working Capital Demand Loans	10,635.58	9,502.48
Total	10,635.58	9,502.48

Note:

Cash Credit/Working Capital demand loans & Buyer's Credit from Banks are secured by first hypothecation charge on the Company's entire stocks comprising raw materials, stocks in transit, stocks in process, finished goods, consumable stores & spares and receivable on pari-passu basis among consortium bankers. Borrowings are further secured by pledge of 8 lakhs equity shares of the Company with face value of Re. 1/- per share held by Chairman & Managing Director, Shri Shailesh Khaitan in favour of all consortium Bankers & 96,98,920 shares of the Company with face value of Re 1/- per share held by M/s. Shradha Project Ltd exclusively in favour of State Bank of India

All short term bank borrowings are personally guaranteed by Chairman & Managing Director, Shri Shailesh Khaitan

24. Current-Trade Payables	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Dues to Micro, Small and Medium Enterprises* (refer note no. 42)	-	10.88
Other trade payables (including acceptances)	5,167.68	5,081.14
Total	5,167.68	5,092.01

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



Notes to the financial statements for the year ended 31st March, 2020

25. Current-Other Financial Liabilities	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Current maturities of long term debts (Refer note no. 20)	1,340.17	1,067.64
Interest accrued but not due on borrowings	94.46	5.60
Unclaimed Dividends*	12.14	19.48
Other Payable:-		
Payable to Employees	298.10	263.21
Derivative financial instrument (at fair value through P&L and OCI)	-	108.01
Expenses Payable	1,120.67	325.35
Total	2,865.54	1,789.29

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

26. Other Current Liabilities	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Advances from customers	1,619.78	1,069.24
Other Payable:-		
Other Statutory dues	59.95	70.80
Total	1,679.73	1,140.04

27. Current-Provisions	Rs. In Lacs	
	As at March, 31,2020	As at March 31, 2019
Provision for employee benefits	59.43	48.50
Total	59.43	48.50

28. Current Income tax Liability	Rs. In Lacs	
Particulars	As at March, 31,2020	As at March 31, 2019
Income Tax Liabilities (net)	79.74	-
Total	79.74	-

29. Revenue from Operations	Rs. In Lacs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Sales of products		
Manufactured goods	41,983.70	34,925.76
Traded goods	1,663.30	2,235.89
Other operating revenue	64.31	98.18
Total Revenue from operations	43,711.31	37,259.83
Details of products sold		
Finished goods		
SSP/GSSP Fertilizer (includes subsidy income of Rs.12197.69 Lacs (Previous year 8986.37 Lacs)	34,559.43	24,445.86
Sulphuric	6,625.74	9,819.44
Oleum 23% and 65%	172.00	79.55
Liquid So3	70.13	3.50
Refined	556.40	577.41
Total	41,983.70	34,925.76
Traded goods sold		
Soya De-Oiled Cake / NPK Fertilizers (includes subsidy income of Rs. 461.05 Lacs (Previous year 660.83 Lacs)	1,663.30	2,235.89
Total	1,663.30	2,235.89
Other Operating Revenue		
Sale of Power	52.86	82.03
Miscellaneous	11.45	16.15
Total	64.31	98.18



Notes to the financial statements for the year ended 31st March, 2020

30. Other Income	Rs. In Lacs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income on		
Bank deposits	49.24	33.30
Interest on Income Tax Refund	0.06	4.89
Electricity Deposits	4.30	4.40
Miscellaneous	4.28	8.66
Profit on Sale of Fixed Assets (Net)	-	17.44
Govt. Assistance on NPK (Freight Subsidy)	161.07	-
Balances written back	7.69	9.26
Total	226.64	77.95
31. Cost or Raw Material Consumed	Rs. In Lacs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Stock	2,105.16	1020.35
Add: Purchases including related expenses upto the factory site (net of claim)	25,575.16	23,446.19
Less: Closing Stock	1,992.42	2,105.16
Total	25,687.89	22,361.38
Details of Inventories - Raw Material	Rs. In Lacs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Rock Phosphate (Indigenous)	322.18	365.65
Rock Phosphate (Imported)	1,087.86	605.64
Sulphur (Fert)	343.31	820.05
Sulphur (Non Fert)	-	-
Sulphuric Acid/Spent Acid	54.35	91.31
Solvent Oil/Refined Oil	0.05	10.37
Others	184.67	212.14
	<u>1,992.42</u>	<u>2,105.16</u>
Details of raw material consumed	Rs. In Lacs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Rock Phosphate (Indigenous)	3,849.91	3,032.41
Rock Phosphate (Imported)	11,583.11	7,222.22
Sulphur (Fert)	5,848.92	7,935.29
Sulphur (Non Fert)	-	-
Sulphuric Acid/Spent Acid	2,885.27	2,902.07
Solvent Oil/Refined Oil	498.15	512.36
Others	1,022.53	757.03
	<u>25,687.89</u>	<u>22,361.38</u>
32. Change in Inventories	Rs. In Lacs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year		
Finished goods	4,613.78	2,714.28
Work in progress	4.29	5.90
Stock-in-trade	12.61	1,712.18
	<u>4,630.68</u>	<u>4,432.36</u>
Inventories at the end of the year		
Finished goods	6,299.91	4,613.78
Work in progress	4.29	4.29
Stock-in-trade	1,639.82	12.61
	<u>7,944.02</u>	<u>4,630.68</u>
Total	(3,313.35)	(198.32)

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



	For the year ended March 31, 2020	For the year ended March 31, 2019
Details of Inventories		
Finished Goods		
SSF/GSSP Fertilizers	6,095.91	4,354.01
Sulphuric acid	203.90	259.67
Others	0.10	0.10
	6,299.91	4,613.78
Work in progress		
Soya refined oil	4.29	4.29
	4.29	4.29
Stock-in-trade		
Traded Goods (NPK)	1,639.82	12.61
	1,639.82	12.61
33. Employee Benefit Expenses		Rs. In Lacs
	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	2,028.62	1,655.06
Contribution to provident and other funds	124.72	113.15
Provision for employee related expenses	60.86	72.99
Staff Welfare Expenses	34.24	29.96
Total	2,248.43	1,871.16
34. Finance Costs		Rs. In Lacs
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on loans	1,412.16	1,822.90
Exchange Fluctuation on Borrowing cost*	219.15	
Interest on delayed payments of Statutory dues	14.30	6.63
Interest on Lease	22.89	-
Other Borrowing Costs	141.97	371.73
Total	1,810.47	2,201.26
* Exchange difference arising on borrowing cost is the equivalent amount of interest incurred in the functional currency on availment of a foreign currency loan.		
35. Depreciation and amortisation expense		Rs. In Lacs
	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment	753.83	852.94
Amortisation on Lease property	96.53	-
Amortisation of intangible assets	1.16	22.72
Total	851.52	875.65
36. Other expense		Rs. In Lacs
	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores & spare parts	1,133.21	797.09
Packing Material consumed	1,268.80	1,006.45
Power & Fuel	1,842.81	1,333.39
Repair & Maintenance:		
Plant & Machinery	153.68	99.91
Building	1.26	6.95
Others	80.12	53.29
Other Manufacturing Expenses	616.99	433.81
Freight Outward	4,610.77	3,937.53
Loading & Unloading	58.96	49.57
Other selling expenses	75.56	128.64
Communication Expenses	28.43	29.90
Rent	71.48	55.04
Insurance	58.35	27.91
Legal & Professional charges	49.31	38.45
Rates & Taxes	106.09	52.05
Travelling & Conveyance	284.95	303.99
Payment to Auditors (refer note no. 41)	18.10	25.11
Corporate Social Activity (refer note no. 52)	12.00	-
Provision for Non - Moving Stores	66.67	15.17
CWIP Written Off	-	56.62
Foreign Exchange Fluctuation (including MTM loss) (Net)	159.97	33.10
Bank Charges	29.29	23.39
Impairment allowance (bad and doubtful debts) *	145.44	79.92
Miscellaneous Expenses	293.80	366.77
Total	11,166.04	8,954.05

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

Notes to the financial statements for the year ended 31st March, 2020

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

a. Claim against the Company not acknowledged as debts

Rs. In Lacs

Particulars#	As at March 31,2020	As at March 31,2019
Purchase Tax (under appeal)	64.20	64.20
Royalty on Rock Phosphate claimed by RSMM	158.36	158.36
Entry Tax	-	41.08
Sales Trade Tax	1.11	1.11
Income-Tax	128.67	22.24
Central Sales Tax	5.92	5.92
Labour Case	5.20	5.20
Custom & Excise Duty	185.47	185.47
Bank Guarantee (Secured with FDR)	2,546.63	2,330.55

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

38. Commitment

Estimated amount of capital commitments (net of advances) not provided for	Nil	Nil
Estimated amount of other commitments (net of advances) not provided for	Nil	Nil

39 The Company is in the process of obtaining confirmations and reconciliation with its trade receivables, trade payables and other dues receivables. The confirmations to the extent received have been reconciled and adjustments, if any, have been made. The others are pending for confirmations, reconciliations and adjustments, if any. However, the management does not expect any significant variations in the existing status.

40. Other disclosure required by statute

Rs. In Lacs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Auditor's remuneration		
Statutory Auditors		
Audit fee	7.20	6.86
Limited Review	3.00	3.00
Certification / other services	5.71	12.18
Out of pocket expense	2.19	3.06
Total	18.10	25.11

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

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

Rs. In Lacs

Particulars	As at March 31,2020	As at March 31,2019
Principal amount and Interest due thereon remaining unpaid to any supplier as on	-	10.88
Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
the amount of interest accrued and remaining unpaid	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

42 Leases - Company as lessee

Operating lease

The Company has entered into certain operating lease agreements and an amount of 71.48 lakhs (2018: 54.04 lakhs) paid under such agreements has been charged to the Statement of Profit and Loss. These leases are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

Transition from AS 17 to INDAS 116

The Company has adopted Ind-As 116 "Leases" with the date of initial application being April 1st, 2019. Ind As 116 replaces AS 17 "Leases" and related interpretations and guidance. On transition to Ind As 116, Right-of-use-Assets as at April 1st, 2019 for lease previously classified as operating leases were recognised and measured at an amount equal to lease liability . As a result, the comparative information has not been restated. During the year the Company has recognised interest expense on lease amounting to Rs 22.89 lakhs, depreciation on right-of-use assets amounting to Rs. 95.95 lakhs and lease rental income amounting to Rs. 109.57 lakhs.

Notes to the financial statements for the year ended 31st March, 2020

43. Earning per share

	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit as per statement of profit and loss	1,508.05	789.74
Face Value of Share	1.00	1.00
Opening Balance of Shares (nos.)	96,989,200	96,989,200
Add/ (less) Change in shares during the year		
Closing Balance of Shares (nos.)	96,989,200	96,989,200
Weighted average number of equity shares	96,989,200	96,989,200
Basic & Diluted EPS	1.55	0.81

44 Employee benefits

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

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Superannuation	5.87	5.46
Provident fund	92.38	76.04
Employee state insurance	26.47	31.40

b) Other long-term benefits

Amount recognized as an expense and included in Note 33 Item "Provision for employee related expenses" Rs. 16.87 lakhs (Previous year Rs. 2.28 lakhs) for long term compensated Absences.

c) Defined benefits plans

- i) Amount recognized as an expense and included in Note 33 "Contribution to Provident and Other Funds" Rs. 124.72 lakhs (Previous year Rs. 113.15 lakhs) for Provident and other fund
- ii) Gratuity Expense Rs. 43.97 lakhs (Previous year Rs.72.99 lakhs) has been recognized in "Provision for employee related expenses" under Note 33. as per Actuarial Valuation

Particulars	Rs. In Lacs			
	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
I Change in present value of obligation during the year				
Present value of obligation at the beginning of the year	404.32	102.55	332.66	90.49
Included in profit and loss:				
- Current Service Cost	35.74	14.96	30.50	13.82
- Interest Cost	28.30	7.17	25.78	7.01
- Past Service Cost	-			
Included in OCI:				
Actuarial losses/(gains) arising from:				
- Experience adjustments	55.15	(8.10)	31.87	(8.77)
- Financial assumption	-	-	-	-
Others				
Benefits Paid	(37.31)		(16.49)	-
Present Value of obligation at the end of the year	486.20	116.58	404.32	102.55

Notes to the financial statements for the year ended 31st March, 2020

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

Rs. In Lacs

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
Plan assets at the beginning of the year	286.72	75.07	208.01	65.30
Included in profit and loss:				
Expected return on plan assets	20.07	5.26	16.12	6.71
Included in OCI:				
Actuarial Gain/(Loss) on plan assets	(2.83)	0.20	(0.24)	0.04
Others:				
Employer's contribution	60.00	-	79.32	-
Benefits paid	(37.32)	-	(16.49)	-
Fair Value of plan assets at the end of the period	326.64	80.53	286.72	75.07

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

Rs. In Lacs

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
Present Value of obligation as at year-end	(486.20)	(116.58)	(404.32)	(102.55)
Fair value of plan assets at year -end	326.64	80.53	286.72	75.07
Funded status {Surplus/(Deficit)}	(159.54)	(36.05)	(117.60)	(27.48)
Net Asset/(Liability)	(159.54)	(36.05)	(117.60)	(27.48)

IV. Expenses recognised in the Statement of Profit and Loss

Rs. In Lacs

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
Current Service Cost	35.74	14.96	30.50	13.82
Interest Cost	28.30	7.19	25.78	7.01
Past Service Cost	-	-	10.80	-
Expected return on plan assets	(20.07)	(5.26)	(16.12)	(9.73)
Total Expense	43.97	16.89	50.96	11.10

V. Expenses recognised in the Statement of Other Comprehensive Income

Rs. In Lacs

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
Net Actuarial (Gain)/Loss	55.15	(8.10)	31.87	(8.77)
Expected return on plan assets excluding interest income	2.83	(0.20)	0.24	(0.04)
Total Expense	57.98	(8.30)	32.11	(8.81)

Rs. In Lacs

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
VI Contribution of Plan Assets				
Equity Instruments	-	-	-	-
Debt Instruments	-	-	-	-
Property	-	-	-	-
Insurance	60.00	-	79.32	-
VII Bifurcation of PVDBO at the end of the year				
Current Liability	157.33	25.23	140.70	28.30
Non-Current Liability	328.86	91.34	263.62	74.25

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



Notes to the financial statements for the year ended 31st March, 2020

Rs. In Lacs

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Leave Encashment Compensated Absences	Gratuity	Leave Encashment Compensated Absences
	Funded	Funded	Funded	Funded
VIII Actuarial Assumptions				
Discount Rate	7% per annum	7% per annum	7.75% per annum	7.75% per annum
Expected rate of return on plan assets	7% per annum	7% per annum	7.75% per annum	7.75% per annum
Mortality Table	IALM 2012-14	IALM 2012-14	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Salary Escalation	5.00% per annum	5.00% per annum	5.00% per annum	5.00% per annum
Turnover Rate- (18 to 30 Years)	5.00% per annum	5.00% per annum	5.00% per annum	5.00% per annum
Turnover rate- (30 to 44 Years)	3.00% per annum	3.00% per annum	3.00% per annum	3.00% per annum
Turnover rate- (44 to 58 Years)	2.00% per annum	2.00% per annum	2.00% per annum	2.00% per annum

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

X Experience Adjustment:

Rs. In Lacs

Gratuity	2019-20	2018-19	2017-18	2016-17	2015-16
Present Value of obligation	486.20	404.32	332.66	304.99	269.49
Fair value of Plan assets	326.64	286.72	208.01	181.68	162.13
Net Asset/(Liability)	159.56	117.60	124.65	123.31	167.39
Actuarial (Gain)/Loss on plan obligation	55.15	31.87	(27.97)	14.15	12.75
Actuarial Gain/(Loss) on plan assets	(2.83)	(0.24)	(0.99)	(4.35)	-

Rs. In Lacs

Leave Encashment Compensated Absences	2019-20	2018-19	2017-18	2016-17	2015-16
Present Value of obligation	116.58	102.55	90.49	75.43	70.17
Fair value of Plan assets	80.53	75.07	65.30	64.65	59.71
Net Asset/(Liability)	36.05	27.48	25.19	10.78	-
Actuarial Gain/(Loss) on plan obligation	(8.10)	(8.77)	(1.38)	(9.42)	-
Actuarial Gain/(Loss) on plan assets	0.20	0.20	(4.35)	0.83	4.63

XI. Sensitivity Analysis

Rs. In Lacs

Gratuity	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Increase	Decrease	Increase	Decrease
	Discount rate (1% movement)	461.98	513.94	386.27
Future salary growth (1% movement)	514.22	461.32	425.06	385.66
Employee turnover (1% movement)	489.41	482.50	407.30	400.94

Long Term Compensated Absences

Rs. In Lacs

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Increase	Decrease	Increase	Decrease
	Discount rate (1% movement)	109.81	124.32	97.04
Future salary growth (1% movement)	124.40	109.63	108.91	96.85
Employee turnover (1% movement)	117.57	115.46	103.64	101.31

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

Rs. In Lacs

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Gratuity	Gratuity	Gratuity	Gratuity
	Funded	Funded	Funded	Funded
1st Following Year	157.33	157.33	144.17	144.17
2nd Following Year	35.69	35.69	32.23	32.23
3rd Following Year	40.16	40.16	35.60	35.60
4th Following Year	22.57	22.57	42.75	42.75
5th Following Year	20.93	20.93	25.63	25.63
After 5 Years	209.50	209.50	188.93	188.93

Notes to financial statements for the year ended 31st March, 2020

45 Income Taxes

a. Amount recognised in Statement of Profit and Loss

Rs. In Lacs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Income Tax		
Current year	395.74	278.56
Adjustment in respect of current income tax for earlier year	2.95	12.87
Total	398.70	291.43
Deferred Tax	249.18	176.08
Total	647.88	467.51

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

Rs. In Lacs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred Tax		
Impact due to fair value of investment other than subsidiary	6.63	(5.45)
Remeasurement of defined benefit plan(actuarial gain/loss)	17.10	(0.26)
Gain/losses on cash flow hedge	(72.85)	0.89
Total	(49.12)	(4.82)

c. Reconciliation of Tax expense

Rs. In Lacs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit	2,155.92	1257.25
Tax expense @ 34.944%*		
MAT @ 17.47%#	376.68	270.92
Tax effect of expenses that are not deductible for tax purpose		
Effect of expenses not deductible in determining taxable profit	31.94	12.81
Ind As Transition impact on accounting profit	(12.87)	(5.17)
	19.07	7.64
Tax Expense	395.74	278.58

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

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

d. Reconciliation of deferred tax liabilities (net)

Rs. In Lacs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit	568.53	387.63
Deferred Tax recognised in statement of profit and loss	249.18	176.08
Other comprehensive income	49.12	4.82
Deferred tax asset written off	-	-
Closing Balance	866.83	568.53

e. Deferred tax

Deferred tax relates to the followings

Rs. In Lacs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Timing difference on depreciation and amortisation	(104.77)	(3.15)
Remeasurement of borrowings	(78.27)	(1.67)
Fair value of investments at FVTPL	(8.21)	5.47
Provisions for doubtful debts/Non-moving Items	(57.54)	77.57
Losses on Specified Business/Other business losses	965.24	488.38
Expense allowed on payment/ settlement basis	(19.47)	22.28
MAT credit entitlement	(398.69)	(252.83)
Others	-	-
Total	298.30	(180.90)

Notes to financial statements for the year ended 31st March, 2020

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

a. List of Related Parties

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

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

ii. Key Management Person

Executive directors and their relatives

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

iii. Other related parties

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

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

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

Rs. In Lacs

Nature of Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent Paid		
Shradha Projects Ltd.	3.60	3.60
B O Constructions Private Limited	52.50	69.83
Khaitan Paper & Packaging Private Limited	1.42	1.65
Interest Paid		
Shradha Projects Ltd.	88.24	113.81
Tri-bhuvan Properties Ltd.	-	5.08
Accord Infra Properties Pvt Ltd	43.24	38.08
Lilac Properties Pvt Ltd	37.00	38.05
Shradha Technopack Pvt Ltd	30.99	4.61
Arati Marketing Private Limited	-	26.99
Dividend Paid		
Shradha Projects Ltd.	22.88	22.88
The Majestic Packaging Co Pvt Ltd	11.02	11.02
Shri Shailesh Khaitan	1.79	1.79
Smt Swapana Khaitan	0.66	0.66
Shri Utsav Khaitan	0.01	0.01
Director's Sitting Fees		
Shri Vijay Gupta	1.50	1.50
Shri Balmukund Dakhera	1.43	1.20
Ms.Veena Chadha	1.50	1.20
Loan Taken		
Shradha Projects Ltd.	-	190.00
Tri-bhuvan Properties Ltd.-	-	85.00
Accord Infra Properties Pvt Ltd	-	412.00
Lilac Properties Pvt Ltd	540.00	402.00
Shradha Technopack Pvt Ltd	445.00	295.00
Arati Marketing Private Limited	-	335.00

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



Notes to the financial statements for the year ended 31st March, 2020

Rs. In Lacs

Nature of Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration Paid *		
Shri Shailesh Khaitan	175.38	57.16
Shri Jagdishlal Jajoo	28.41	12.00
Shri Utsav Khaitan	70.00	24.00
Shri Kamlesh Joshi	13.60	12.85
Shri Harshvardhan Agnihotri	46.91	19.51
Loan Repaid		
Shradha Projects Ltd.	-	428.50
Tri-bhuvan Properties Ltd.	-	85.00
Accord Infra Properties Pvt Ltd	-	20.00
Lilac Properties Pvt Ltd	540.00	193.00
Shradha Technopack Pvt Ltd	445.00	75.00
Arati Marketing Private Limited	-	917.50

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

* For the purpose of above disclosure transactions are inclusive of taxes .

C. Balances with related parties in ordinary course of business Rs. In Lacs

Nature of Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Shradha Projects Ltd.		
Interest Payable	14.56	-
Loan Payable	800.00	800.00
Investments made	198.23	198.23
Shri Shailesh Khaitan		
Remuneration Payable	29.67	8.15
Shri Utsav Khaitan		
Remuneration Payable	7.68	1.47
Shri Jagdish Lal Jajoo		
Remuneration Payable	0.77	0.91
Shri Harsh Vardhan Agnihotri		
Remuneration Payable	-	1.25
Shri Kamlesh Joshi		
Remuneration Payable	-	0.40
B O Constructions Private Limited		
Rent Payable	0.14	2.16
Khaitan Paper & Packaging Pvt Ltd		
Rent Payable	1.30	-
Accord Infra Properties Pvt Ltd		
Interest Payable	7.13	-
Loan Payable	392.00	392.00
Lilac Properties Pvt Ltd		
Interest Payable	6.42	-
Loan Payable	209.00	209.00
Shradha Technopack Pvt Ltd		
Interest Payable	5.85	-
Loan Payable	220.00	220.00

47 Segment information

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

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

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



Notes to the financial statements for the year ended 31st March, 2020

a) Segment Revenue & Profit / Loss

Rs. In Lacs

	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Fertilizers and Chemicals	Soya/ Agro	Others	Total	Fertilizers and Chemicals	Soya/ Agro	Others	Total
Revenue (including other income)								
Revenue from external customers	43,328.59	556.50	52.86	43,937.95	36674.82	580.93	82.03	37,337.78
Revenues from transactions with other operating segments of the same entity					-	-	-	-
Total revenue	43,328.59	556.50	52.86	43,937.95	36674.82	580.93	82.03	37,337.78
Results								
Segment Operating Profit/ (Loss) net of allocable expenses	4204.17	(250.31)	12.64	3,966.40	3650.12	(232.71)	41.10	3,458.51
Total operating profit/(loss)				3,966.40				3,458.51
Non-operating expenses								
Interest Expense				1,810.47				2,201.26
Net Profit				2,155.92				1,257.25
Tax Expense				647.88				467.50
Profit After Tax				1,508.04				789.74
Capital Expenditure	98.66	-	-	98.66	295.79			295.79
Unallocated Capital Expenditure								
Total Capital Expenditure				98.66				295.79
Depreciation and amortisation	618.03	175.61	24.78	818.42	642.84	175.92	24.78	843.55
Unallocated Depreciation				33.16				32.11
Total depreciation				851.59				875.66
Non cash Expenditure other than Depreciation/ Amortisation	(36.45)	(0.01)	-	(36.47)	(22.15)	(3.27)		(25.42)
Unallocated Corporate Non Cash Expenses other than Depreciation / Amortisation				-				-
Total non cash expenditure other than Depreciation/ Amortisation				(36.47)				(25.42)

b) Segment assets and Liabilities

Rs. In Lacs

Nature of Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
	Segment assets	
Fertilizers and Chemicals	36,766.21	32584.73
Soya / Agro	1630.37	2163.05
Others	308.51	299.76
Unallocable assets	203.32	236.83
Total	38,908.40	35,284.37
Segment liabilities		
Fertilizers and Chemicals	23501.31	21,288.65
Soya / Agro	11.60	15.30
Others	0.00	1.55
Unallocable Liabilities	89.88	167.20
Total	23,602.78	21,472.70

c) Other information

Rs. In Lacs

	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Fertilizers and Chemicals	Soya/ Agro	Others	Total	Fertilizers and Chemicals	Soya/ Agro	Others	Total
Revenue from major customers								
Revenue from customers exceeding 10% of total revenue	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

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

Notes to the financial statements for the year ended 31st March, 2020

48 Financial Risk Management objectives and Policies

a. Financial risk factors

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

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

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

i) Market risk

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

Foreign Currency Risk and sensitivity

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

The following table analyses foreign currency risk from financial instruments :

Rs. In Lacs

Particulars	As at March 31,2020	As at March 31,2019	Total
	USD	USD	
Financial Assets			
Cash and cash equivalents	-	-	-
Trade receivables	-	-	-
Other financials assets (including loans)	2.20	8.53	10.73
Financial liabilities			
Trade payables	32.53	48.72	81.25
Borrowings	73.64		73.64
Interest Accrued but not due			-
Net assets / (liabilities) -	(103.97)	(40.19)	(144.16)

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

	Year and spot rate	
	March 31, 2020	March 31 ,2019
USD	75.3859	69.1713

Foreign Currency Sensitivity

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

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

Rs. In Lacs

Particulars	2019-20		2018-19	
	0.25% Increase	0.25% decrease	0.25% Increase	0.25% decrease
USD Sensitivity	(19.59)	19.59	(6.95)	6.95
Increases/ (decrease) in profit or loss	(19.59)	19.59	(6.95)	6.95

Notes to the financial statements for the year ended 31st March, 2020

Summary of Exchange difference account in Statement of Profit and loss		Rs. In Lacs	
Particulars	For the year ended 31, 2020	For the year ended 31, 2019	
Currency fluctuations			
Net foreign exchange (gain)/ losses shown as operating expenses	159.97	(23.72)	
Net foreign exchange (gain)/ losses shown as Finance Cost	219.15	257.90	
Derivatives			
Currency forwards (gain) / losses shown as operating expenses	-	56.81	
Total	379.11	290.99	

Interest Rate Risk and Sensitivity

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

Interest Rate Risk Exposure

Particulars	As at March 31,2020		As at March 31, 2019	
	(Rs. in lacs)	(% of Total)	(Rs. in lacs)	(% of Total)
Fixed Rate Borrowings	1,621.00	11.67%	1,621.00	8.03%
Variable Rate Borrowings	12,263.57	88.33%	12,085.54	91.97%
Total Borrowings	13,884.57	100.00%	13706.54	100.00%

Sensitivity on Variable Rate Borrowing

Particulars	Impact on Profit & Loss Account		Impact on Equity	
	31- Mar-20	31- Mar-19	31- Mar-20	31- Mar-19
Interest Rate Increase by 0.25%	(30.66)	(30.24)	(30.66)	(30.24)
Interest Rate decrease by 0.25%	30.66	30.24	30.66	(30.24)

c. Commodity price risk and sensitivity

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

II. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 9956.36 lakhs and Rs. 9203.61 lakhs as of March 31, 2018 and March 31, 2017, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account as per the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers: Rs. In Lacs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from top customer	2,814.99	2,169.60
Revenue from top five customers	7,622.14	6,866.48

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 was 325.02 lacs. Rs. In Lacs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning	198.25	118.32
Impairment loss reversed	-	-
Additional provision created during the year	126.77	79.93
Balance at the end	325.02	198.25

The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk

Ageing Analysis of Trade Receivables

Particulars	As at March 31,2020			Total
	Up to Six Months	Six to Twelve Months	Above 12 Months	
Unsecured	4,388.04	618.81	671.38	5,678.23
Less: Impairment allowances (bad and doubtful debts)			325.02	325.02
Net Balance	4,388.04	618.81	346.37	5,353.22

Notes to the financial statements for the year ended 31st March, 2020

Rs. In Lacs

Particulars	As at March 31, 2019			Total
	Up to Six Months	Six to Twelve Months	Above 12 Months	
Unsecured	4,679.56	183.27	1,237.45	6,100.28
Less: Impairment allowances (bad and doubtful debts)	-	-	198.25	198.25
Net Balance	4,679.56	183.27	1,039.20	5,902.03

iii) Liquidity risk

liquidity risk arises when the Company will not be able to meet its present and future cash and collateral obligations. The risk management action focuses on the unpredictability of financial markets and tries to minimise adverse effects. The Company uses derivative financial instruments to hedge risk exposures. Risk management is carried out by the Finance department under Forex Policies as adopted and duly approved by the Board. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and company monitors rolling forecasts of its liquidity requirements.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020

Rs. In Lacs

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	10,635.58	10,635.58	-	-	10,635.58
Borrowings - Non-Current	1,627.99	1,340.17	287.81	-	1,627.99
Trade payables	5,167.68	5,115.09	52.59	-	5,167.68
Other financial liabilities - Current					
Interest accrued but not due on loans	94.46	94.46	-	-	94.46
Derivative Financial Instruments	-	-	-	-	-
Other financial liabilities - Non-Current					
Trade Deposits	50.77	-	-	50.77	50.77

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019

Rs. In Lacs

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	9,502.48	9,502.48	-	-	15,010.37
Borrowings - Non-Current	2,583.06	1,067.64	1,515.42	-	5,174.71
Trade payables	5,092.02	5,056.62	35.40	-	3,895.48
Other financial liabilities - Current					
Interest accrued but not due on loans	5.60	5.60	-	-	73.80
Derivative Financial Instruments	108.01	108.01	-	-	54.49
Other financial liabilities - Non-Current					
Trade Deposits	98.86	-	-	98.86	97.24

Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

Rs. In Lacs

	As at March, 31, 2020	As at March 31, 2019
Borrowings	12,263.57	12,085.54
Trade Payables	5,167.68	5,092.02
Other Payables	1,576.14	820.51
Less: Cash and cash equivalents including bank balance	532.77	714.17
Less: Current Investments	-	-
Net debt	18,474.62	17,283.90
Equity	15,305.62	13,811.67
Capital and Net debt	33,780.24	31,095.58
Gearing Ratio	55%	56%

Notes to the financial statements for the year ended 31st March, 2020

49 Fair Value Measurement

- i) Some of the financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

Financial Asset (Financial Liabilities)	Fair Value at*		Fair Value Hierarchy	Rs. In Lacs
	As at March 31,2020	As at March 31,2019		Valuation Technique and key input used
	1) Foreign currency forward contracts	(552.11)		108.01
2) Investments in unquoted equity instruments at fair value through other comprehensive income	132.15	198.23	Level 3	Refer Note 4

*positive value denotes financial asset (net) and negative value denotes financial liability (net)

Notes:

- There were no level 1 financial instruments during the period.
- There were no transfers between the Levels for the purpose of fair valuation.
- The following table shows the valuation technique and key input used for Level 2:

Financial Instrument	Valuation Technique	Key Inputs used
Foreign currency forward contracts	Discounted cash flows	Flow Forward exchange rates, contract forward and interest rates, observable yield curves.

- The following table shows the valuation technique and key input used for Level 3:

Financial Instrument	Valuation Technique	Key Inputs used	Sensitivity
Investments in unquoted equity instruments at fair value through other comprehensive income	Weighted average of Net asset value, discounted cash flows and profit earning capacity.	Projected cash flows, discount for expected rate of capitalisation, return and risk.	A 100 basis points increase/decrease in discount rate holding other variables constant would increase/decrease the amount of investment by Rs. 1.32 lakhs (March 31, 2019: Rs. 54.32 Lakhs)

- ii) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required) Rs. In Lacs

	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets at amortised cost				
Trade receivables	5353.22	5353.22	5902.03	5902.03
Government subsidies receivable	7441.48	7441.48	6500.96	6500.96
Cash and cash equivalents	36.99	36.99	33.01	33.01
Bank balances other than cash and cash equivalents	495.77	495.77	681.16	681.16
Loans	41.63	41.63	39.05	39.05
Other financial assets	1186.43	1186.43	622.42	622.42
Financial Liabilities at amortised cost				
Borrowings	10635.58	10635.58	9502.48	9502.48
Trade payables	5167.68	5167.68	5092.02	5092.02
Other financial liabilities	2916.31	2916.31	1780.14	1780.14

- In case of trade receivables, government subsidies receivables, cash and cash equivalents, trade payables, borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.

iii) Reconciliation of Level 3 fair value measurements for the year ended 31 March 2020:

Nature of Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
	Investments in unquoted equity instruments at FVTOCI	Investments in unquoted equity instruments at FVTOCI
Opening Balance	198.23	143.91
Total gain or losses		
in profit or loss	-	-
In other comprehensive income	(66.08)	54.32
Closing Balance	132.15	198.23

Notes to the financial statements for the year ended 31st March, 2020**50 Derivative financial instruments**

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Forward Contract outstanding for the purpose of hedging at the Balance Sheet Date

Foreign Currency	As at March, 31,2020		As at March, 31,2019	
	Foreign currency in lacs	(Rs. in lacs)	Foreign currency in lacs	(Rs. in lacs)
Imports/ and other foreign currency payables				
US Dollar	106.15	8,056.37	121.64	8,414.01

Foreign Currency Exposure not hedged as at the Balance Sheet Date

Foreign Currency	As at March, 31,2020		As at March, 31,2019	
	Foreign currency in lacs	(Rs. in lacs)	Foreign currency in lacs	(Rs. in lacs)
Imports/ and other foreign currency payables				
US Dollar	0.08	6.03	0.75	51.90
Receivables against debit note				
US Dollar	2.20	165.50	8.53	590.14

51. Impact of Covid - 19 on Financials

The COVID-19 outbreak & resultant national lock down imposed by the Government from 25th March, 2020 has caused Pan-India disruption of businesses. Government took adequate steps to ensure uninterrupted operations of commodities or services classified as an essential products Fertilizer is covered under the Essential Commodities Act, 1955 and is crucial for farm produce.

It is assessed that the lock-down could impact the company's operation due to local factors like availability of packing labour, declaration of containment zones in factory areas and nearby areas in some plants, delay in availability of service engineers and spare parts in the event of breakdown. However despite these factors the Company could perform reasonably well in the first quarter of the current financial year.

The Company has considered the uncertainties relating to COVID-19 pandemic in assessing the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventories and other assets as at the balance sheet date. For this purpose, Company considered internal and external sources of information up to the date of approval of these financial results. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of its assets mentioned earlier. The financial statements have been prepared accordingly. As the situation continues to evolve, the Company will closely monitor any material change in the future economic conditions

52. Expenditure incurred on corporate social responsibilities

Details of expenditure on corporate social responsibility activities as per Section 135 of Companies Act, 2013 read with schedule III are as below:

	Rs. In Lacs	
	Year ended March 31, 2020	Year ended March 31, 2019
1. Gross amount required to be spent by the company during the year	11.53	-
2. Amount spent during the year PM Care fund	12.00	-

53. Previous year figures have been re-arranged and/or regrouped wherever considered necessary, to confirm current year classification.

54. The financial statements are presented in INR and all value are rounded to the nearest INR lakhs, except when otherwise indicated.

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

As per our report of even date

For NSBP & Co.

Chartered Accountants

Firm's Registration No. : 001075N

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

SHAILESH KHAITAN

(Chairman & Managing Director)

(DIN : 00041247)

Place : New Delhi

HARSH VARDHAN AGNIHOTRI

(President & Chief Financial Officer)

PAN No. : ACXPA9315K

Place : Indore

DEEPAK K. AGGARWAL

Partner

Membership No. 095541

Place : New Delhi

Date : June 22, 2020

KAMLESH JOSHI

(Company Secretary & General Manager)

Membership No. : FCS 5096

Place : Indore

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