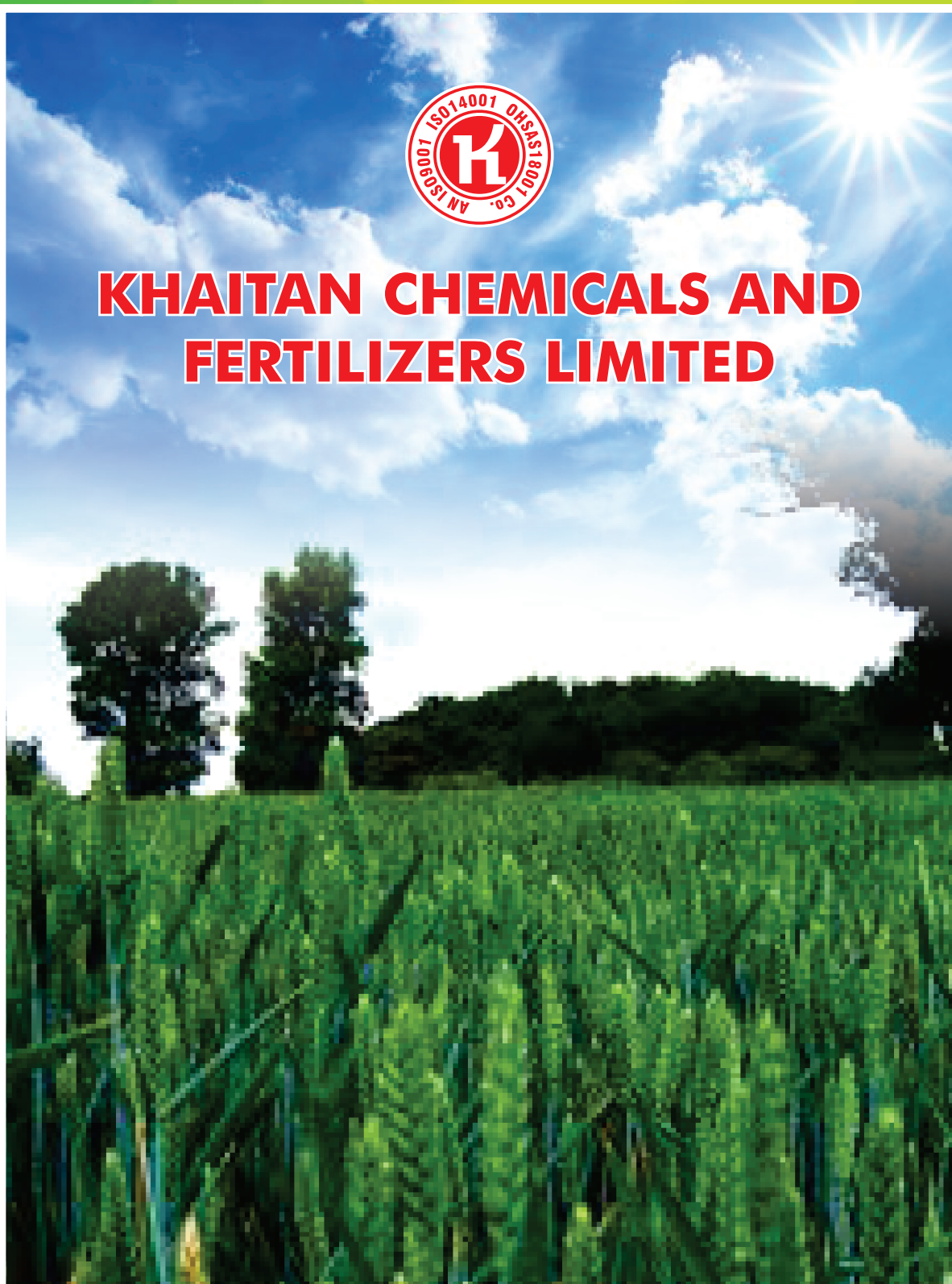




KHAITAN CHEMICALS AND FERTILIZERS LIMITED



36th Annual Report 2017-2018

ANNUAL GENERAL MEETING:	BOARD OF DIRECTORS:
Date : 9 th August, 2018 Day : Thursday Time : 3.00 P.M. Place : Registered Office	Shri Shailesh Khaitan : Chairman & Managing Director Shri Utsav Khaitan : Whole Time Director Shri Jagdish Lal Jajoo : Whole Time Director 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 Accountants D-21, Ground Floor, Geetanjali Enclave, New Delhi-110 017
GURUGRAM OFFICE:	KOLKATA OFFICE:
207, Sewa Corporate Park, M.G. Road, Sector-28, Gurugram-122 002 (Haryana)	46-C, Rafi Ahmed Kidwai Road, 3 rd Floor, Kolkata-700 016
WORKS :	SOLICITORS:
<u>Fertilizers & Chemical Division:</u> 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)	M/s. Khaitan & Partners, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001
	BANKERS:
	<ul style="list-style-type: none"> ● State Bank of India ● IDBI Bank Ltd. ● Corporation Bank ● HDFC Bank Ltd., ● Axis Bank Ltd.
	CONTENTS:
	Notice of Annual General Meeting : 01-03 Directors' Report : 04-07 Management Discussion & Analysis Report : 08-10 Report on Corporate Governance : 10-17 Annexure's of Director's Report : 17-19 Auditor's Report : 20-22 Balance Sheet : 23 Statement of Profit & Loss : 24 Cash Flow Statement : 25 Statement of change in Equity : 26 Notes to financial statements : 27-56
	Listing of Shares:
	The Bombay Stock Exchange Ltd. (B.S.E.) Stock Code: 507794 ISIN No.: INE745B01028 (NSDL & CDSL)
<u>Soya Division:</u> 7). Dosigaon Industrial Area, Ratlam - 457001 (M.P.)	

Note: As per SEBI Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 it will be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of transfer of shares in physical form of listed company. In absence of above transfers will be liable to be rejected.

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



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: 0731-4753655

NOTICE OF 36th ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY SIXTH ANNUAL GENERAL MEETING OF 'KHAITAN CHEMICALS AND FERTILIZERS LIMITED'** will be held at the registered office of the Company at A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone, Madhya Pradesh on Thursday, 9th Day of August, 2018 at 3:00 P.M. to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2018, including the Audited Balance Sheet as on 31st March, 2018, 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.
- To declare final dividend on the equity shares of the Company for the year ended 31st March, 2018.
- To appoint a director in place of Shri Jagdish Lal Jajoo (DIN:02758763), who retires by rotation and being eligible offers himself for re-appointment.
- Ratification of Appointment of Auditors**
To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s. N S B P & Co., Chartered Accountants, New Delhi (Firm Registration No. 001075N), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the 37th AGM of the Company to be held in the year 2019, to examine and audit the accounts of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

- To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2019.

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 GST as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2019 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."

By Order of the Board

Place : Gurugram
Date : May 19, 2018

S/d
(KAMLESH JOSHI)
Company Secretary & General Manager

NOTES:

- 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.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS PRIOR TO THE MEETING.**
A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder. A Proxy Form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
- 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 2017-18 is being sent to all the members whose email ID's are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2017-18 is being sent in the permitted mode.

- Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
- Member(s), Proxies and Authorised Representatives are requested to bring the attendance slip annexed herewith, duly filled in, for attending the meeting.
- The Register of Members, Beneficial Owner and Share Transfer Books of the Company will remain closed from **Friday, August 3, 2018 to Thursday, August 9, 2018**, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
- The dividend on Equity Shares, if declared at the AGM, will be payable on or after Tuesday, August 14, 2018 to those members whose names appear as Members in the Register of Members of the Company on Friday, August 3, 2018 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.
- Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
- Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
- 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.
- Members who are holding shares in identical names in more than one folios, are requested to write to the Company/Ankit Consultancy Pvt.

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



Ltd., the Registrar and Share Transfer Agent, to consolidate their holding in one folio.

12. Shareholders who are still holding physical share certificate are advised to dematerialize their shareholding to avail benefit of dematerialization.

13. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2009-10 to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of Companies Act, 2013.

14. Members are advised to claim their unpaid dividend for the year 2010-11 to 2016-17 if any, the Company is having unpaid dividend of Rs. 24.98 lacs for the year 2010-11 to 2016-17. 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

15. 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.

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

17. 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.

18. 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.

19. Electronic copy of the Notice of the 36th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email ID's are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 36th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

20. Members may also note that the Notice of the 36th Annual General Meeting and the Annual Report for the FY 2017-18 will also be available on the Company's website www.khaitanchemfert.com for the purpose of downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: khaitanchemfert@gmail.com.

21. A route map showing directions to reach the venue of the 36th AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meetings".

22. 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.

23. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 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 the 36th Annual General Meeting (AGM) by electronic means / remote e-voting and the business may be transacted through e-Voting Services provided by **NSDL**.

The instructions for e-voting are as under:

A. In case a Member receives an email from **NSDL** [for members whose email IDs are registered with the Company/Depository Participants(s)]:

(i) Open email and open PDF file viz: "**KCFL.PDF**" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.

NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "KCFL.PDF".

(ii) Launch internet browser by typing the following URL: **<http://www.evoting.nsdl.com>**.

(iii) click on Shareholder—Login

(iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select "Khaitan Chemicals and Fertilizers Ltd." (COMPANY NAME).

(viii) Now you are ready for e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to csriteshguptakcf@gmail.com with a copy marked to khaitanchemfert@gmail.com.

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (E-Voting Event Number)PASSWORD/PIN USER ID

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of **<http://www.evoting.nsdl.com>**

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on **www.evoting.nsdl.com**.

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).

- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on **Monday, 6th day of August, 2018 (9.00 A.M.)** and ends on **Wednesday, 8th day of August, 2018 (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 **Thursday, 2nd day of August, 2018**, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. Members holding shares in physical or in Demat form as on **Thursday, 2nd day of August, 2018**, shall only be eligible for e-voting.
- VII. The Facility for voting through Ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot paper.
- VIII. The members who have cast their vote by remote e-voting prior to the AGM may also attend AGM but shall not entitled to cast their vote again.
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date of **Thursday, 2nd day of August, 2018**.
- X. Any person, who acquire shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., Thursday, 2nd day of August, 2018, 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.
- XI. CS Ritesh Gupta, Company Secretary Whole Time in Practice (ICSI Membership No. FCS-5200 CP No. 3764) has been appointed as the Scrutinizer to scrutinize the e-voting process in

a fair and transparent manner.

- XII. The Scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, therefore unblock the votes cast through e-voting in the presence of at least two (2) witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

- XIII. 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

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

Item No. 5

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice on the recommendation of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by the Board of Directors and ratified by the shareholders of the Company.

On the recommendation of the Audit Committee at its meeting held on May 19, 2018, the Board has considered and approved appointment of **M/s. M.P. Turakhia & Associates, Cost Accountants** for the conduct of the cost audit of the Company's Manufacturing units at Nimrani, Nimbahera, Jhansi, Malwan, Rajnandgaon and Dahej (**for Fertilizer**), units at Nimrani, Jhansi, Malwan and Rajnandgaon (**for Sulphuric Acid**) and Ratlam (**for Soya Products**) at a remuneration of Rs. 95000/- plus GST as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2019.

The Resolution at Item No. 5 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.

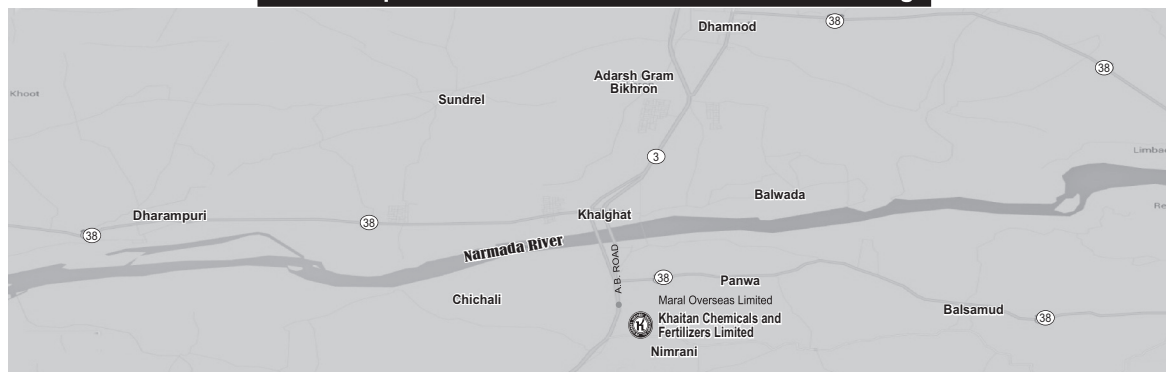
None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

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 Jagdish Lal Jajoo
Age	74 year
Qualification	Chartered Accountant
Date of Appointment	15 th November, 2014
Expertise	Rich and Vast experience in the field of Management and Finance
Other Directorships (excluding Pvt. Companies) as on 31 st March, 2018	Nil
Chairman / Member of the Committees as on 31 st March, 2018	Khaitan Chemicals and Fertilizers Ltd.: Chairman- Corporate Social Responsibility Committee

Route Map for the Venue of 36th Annual General Meeting



KHAITAN CHEMICALS AND FERTILIZERS LIMITED



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 36th annual report of the Company alongwith audited financial statement for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March, 2018 is summarised below:

(Rs. in Lacs)

Particulars	2017-18	2016-17
Sales	35483.68	36434.54
Total Income	35628.77	36765.37
Surplus before interest, depreciation, exceptional items and Tax	3745.88	4139.04
Less: Financial Cost	2633.22	3104.06
Cash Profit before tax	1112.66	1034.98
Less: Depreciation	870.65	823.22
Exceptional Items	-	-
Profit/(Loss) before taxation	242.01	211.76
Provision for current tax	47.58	97.66
Income Tax of earlier year	48.80	1.91
Deferred tax	(18.59)	(53.57)
Profit/(Loss) after taxation	164.22	165.76
Transfer to General Reserve	-	-
Earning Per Share (face value of Re. 1/- each)	0.17	0.17

REVIEW OF OPERATIONS

FERTILIZER & CHEMICALS DIVISION

The year 2017-18 continued to be a challenging period with low purchases by the farmers due to low income. Also the country faced a drought (in some of the regions especially Madhya Pradesh) in 2017-18, which is a rare phenomenon. As a result, the agriculture related businesses; especially fertilizers trade was very poor.

During the year, continuing impact of demonetization and implementation of GST had a major impact by way of slowdown in Indian agriculture sector. Keeping in mind the huge dependence of the agriculture sector on cash, the farmers, especially small and marginal among them, were adversely affected. The recoveries from the market have been extremely slow. All these things have strained the working capital of the company considerably.

Further a transition to partial Direct Benefit Transfer system for the Fertilizer Industry slowed down trade due to uncertainty. The Government of India has modified the procedure for release of fertilizer subsidy and partial DBT whereby a POS (Point of Sale) device has been distributed to the traders. Under the new procedure the subsidy will continue to be paid to the Industry instead of the farmer but only after sale of fertilizer to the farmer through the POS device. The system is under implementation and is being stabilized. The new system is likely to increase the working capital cycle for the Industry. Earlier the SSP Industry was claiming subsidy from GOI immediately on first point sale to dealer, however, now the we will be eligible for subsidy only on last point of sale from retailer to farmer.

During the year, even though the turnover of your Company has decreased from Rs. 36,765.37 lacs for the year 2016-17 to Rs. 35,628.77 lacs for the year 2017-18, by about 9.69% the operating income has decreased only marginally from Rs 4,139.04 lacs in 2016-17 to Rs 3,745.88 lacs in 2017-18, and the cash profit has increased from Rs 1,034.98 lacs to Rs 1,112.66 in the respective periods, while the net profit after tax has decreased from Rs. 165.76 lacs to Rs. 164.22 lacs.

The Company has produced 300375 MT (previous year 415452 MT) Single Super Phosphate and sold 338986 MT (previous year 385574 MT including export of 500 MT).

The Company is trying to diversify its portfolio and has initiated import of NPK fertilizers in a small way. The Company has imported 10986 MT NPK fertilizers (previous year 6417) and sold 6884 MT during the year (previous year 2898).

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 have increased and are now on an uptrend. To keep the end prices of fertilizers to the farmers within reasonable limits, the Government has increased the Nutrient Based Subsidy rates from Rs.2,166/- per MT to Rs. 2,734/- per MT on SSP w.e.f. 01.04.2018.

In the current year 2018-19, the long range forecast of monsoons is normal. This coupled with the rising trend in the commodity prices, which will give better marketability to SSP vis a vis other NPK products, we expect to perform better this year.

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 along with total control on fixed expenses.

GOODS AND SERVICE TAX (GST):

The GST has been implemented successfully by the Government and we hope that the Company will be benefited once the entire transition of GST is complete and the same will bring more transparency in the tax administration. GST will create a common Indian market, improve tax compliance and governance.

However there are teething problems and the procedures for refund of excess input tax credits are yet to be streamlined. In the interim the working capital has been increased to some extent.

DIVIDEND

The Board of Directors is pleased to recommend final dividend of Re. 0.05 per equity share (face value of Re. 1/- per share) for the financial year 2017-2018, previous year Re.0.05 per equity share.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2018 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 2017-18.

INVESTORS EDUCATION & PROTECTION FUND

Dividend which was declared by the Company for the year ended March 31, 2011 at the Annual General Meeting held on July 29, 2011 and remained unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government on August 27, 2018 pursuant to the provisions of Companies Act, 2013. Thereafter no claim shall lie on dividend for the year ended March, 2011 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 loan been raised from banks during the year.

The Company has reduced its non fund based limits by Rs. 20 Crores and correspondingly increased cash credit limits by Rs. 10 Crores and availed stand by line of credit by Rs. 10 Crores.

KHAITAN CHEMICALS AND FERTILIZERS LIMITED



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.

MATERIAL CHANGES EFFECTING 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.

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. 55.41) and incurred Rs.8312.95 lacs (Previous year Rs. 12653.73 lacs) on import of Raw Materials, NPK Fertilizers, Fees & Subscription and Interest on Foreign Currency Loan.

DIRECTORS

In accordance with the provisions of Section 152 (6)(c) of the Companies Act, 2013 and the Articles of Association of the Company, Shri Jagdish Lal Jajoo (DIN : 02758763), Whole Time Director of the Company is due to retire at forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment. Directors recommend his reappointment for the consideration of members of the Company at the ensuing Annual 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 5 (Five) times. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report (**Annexure - C**).

KEY MANAGERIAL PERSONNEL:

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

- Shri Shailesh Khaitan, Chairman & Managing Director;
- Shri Harsh Vardhan Agnihotri, President & Chief Financial Officer and
- Shri Kamlesh Joshi, Company Secretary & 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>

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), which will be subject to ratification by shareholders (every year) in ensuing Annual General Meeting. 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 2018-19.

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 2018-19, as required under Section 138 of the Act 2013 and the Companies (Accounts) Rules, 2014.

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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 M/s. Ritesh Gupta & Co., Company Secretaries, Indore (C.P. No. 3764), to undertake the Secretarial Audit of the Company for the financial year 2018-19.

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

SECRETARIAL STANDARDS:

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Pursuant to Section 135 of Companies Act, 2013 and the relevant rules, the Corporate Social Responsibility Committee comprises of Shri Jagdish Lal Jajoo as the Chairman and Shri Utsav Khaitan, Shri Balmukund 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>

The Company is not required to spend any amount towards CSR Expenditure as none of the thresholds as specified in Section 135 (1) of the Companies Act, 2013 is crossed. (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 31.03.2018 in Form MGT-9 has been 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, 2018 and of the profit & loss of the Company for that period;

3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956/2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.
5. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY:

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

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

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

LISTING OF SHARES

Shares of the Company are listed on 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, 2019 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, 2018, 97.60% 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

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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.

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 2017-18.

No of complaints received: · NIL

No of complaints disposed off: Not Applicable".

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-G**).

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 along with 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: Gurgaon
Date: 19.05.2018

Annexure - 'A'

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	12606517	14195788
Total amount (Rs. in Lacs)	1020.41	1124.72
Rate/Unit (Rs.)	8.09	7.92
b) Own generation:		
i. Through diesel generator Units (KWH)	15601	25793
Total amount (Rs. in Lacs)	4.52	7.03
Rate/Unit (Rs.)	28.95	27.25
ii. Through steam turbine Units * (KWH)	4623285	6616619
Total amount	-	-
(*Net of Self Consumption in TG)		
2. Coal:		
Quantity (In MT)	3027.23	4142
Total Cost (Rs. in Lacs)	209.88	259.63
Rate/Unit (MT) (Rs.)	6933.04	6268.96
3. Furnace oil:		
Quantity (K. Lts.)	47	54
Total Amount (Rs. in lacs)	13.22	16.31
Average Rate /Lt.	28.06	30.38

B. Consumption per Unit of Production:

Item	Product	Current Year	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P	35.68	32.47
	S.A./Oleum/Liquid So3	69.59	66.18
	Labsa	N.A.	N.A.
	Soya Oil/Doc	N.A.	N.A.
Coal (KG/MT)	Soya Oil/Doc/Power	N.A.	N.A.
	G.S.S.P.	33.31	35.27



Management Discussion & Analysis Report

Annexure-'B'

CAUTIONARY STATEMENT

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

The Company's Performance is dependent on several external factors such as performance of monsoon, 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 manufacturing of Single Super Phosphate (Fertilizer), Sulphuric Acid (Chemical) and Soya Edible Oil. All the segments are related to agriculture and totally dependent on monsoon.

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:

Particular	2017-18	2016-17	2015-16	2014-15	2013-14
(Quantity in MT)					
Production:					
SSP	300375	415452	337329	347238	392448
Sulphuric Acid	94873	105792	86279	71580	120260
Oil/Liquid So3	997	3245	2318	2115	1479
Seed Crushing	-	-	-	-	2135
Refined Oil	-	-	-	-	318
Sales:					
SSP	338986	385574	404646	322071	372984
Sulphuric Acid	52281	51710	46567	41815	57750
Soya Oil	861	1001	1709	2083	2456
De-Oiled Cake	-	-	-	-	1730

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

Particular	2017-18	2016-17	2015-16	2014-15	2013-14
Sales:					
Fertilizer	31513.72	35366.63	37079.10	30320.89	35289.93
Soya	4045.64	1347.60	2284.46	2565.78	3462.14
PBIDT:					
Fertilizer	2813.15	2936.18	3118.46	2750.19	1836.86
Soya / Agri	16.47	361.03	173.86	67.44	20.35
EPS(Rs) :	0.17	0.17	0.17	0.36	(0.17)
DIVIDEND:	5%	5%	5%	5%	5%
Face Value (Per share)	1	1	1	1	1

The year 2017-18 even though was a normal monsoon year for most of the Country but deficient in a majority of the districts in Madhya Pradesh, parts of Maharashtra, Gujarat, Uttar Pradesh, Rajasthan amongst other West/North Indian states.

The impact of 'demonetisation' is yet to wear off and fertilizers business is yet to recover fully. The agricultural sector is still recovering from the affects of demonetization and it will still take some more time to resume normal operations. Further the introduction of GST and partial 'Direct Benefit Transfer' (DBT) scheme for Subsidy in the Fertilizer sector has kept the economic environment uncertain thereby affecting the businesses adversely. Even though the structural changes are very good for the economy and our Company, but the affect in the current year has been adverse.

During the year, even though the turnover of your Company has decreased from Rs. 36,765.37 lacs for the year 2016-17 to Rs. 35,628.77 lacs for the year 2017-18, by about 9.69% the operating income has decreased only marginally from Rs 4,139.04 lacs in 2016-17 to Rs 3,745.88 lacs in 2017-18, and the cash profit has increased from Rs 1,034.98 lacs to Rs 1,112.66 in the respective periods, while the net profit after tax has decreased from Rs. 165.76 lacs to Rs. 164.22 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 300375 MT (previous year 415452 MT) Single Super Phosphate and sold 338986 MT (previous year 385574 MT including export of 500 MT).

The Company is trying to diversify its portfolio and has initiated import of NPK fertilizers in a small way. The Company has imported 10986 MT NPK fertilizers (previous year 6417) and sold 6884 MT during the year (previous year 2898).

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.

The Company is producing SSP, which contains Phosphate, Sulphur, Calcium and other micro nutrients and could be said to be a 'Generic Customized Fertilizer'. It is an essential Fertilizer for crops like 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.
- Second largest consumer in the world.
- Third largest producers in the world.
- 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.

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.

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 normal monsoon in 2018, 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 70,000 crore in 2017-18.

The Telangana government has announced to start an input assistance scheme by paying Rs 8,000 per acre to each farmer every year to enable them recover costs of fertilisers, seeds and pesticides. Experts have viewed this as an alternative to various subsidy schemes by the government in the farm sector.

The Government has introduced the partial DBT system for fertilizer subsidy successively in different states and now the entire country is covered under this scheme. Under this scheme, 100% subsidy on various fertilizer grades is to be released to fertilizer companies on the basis of actual sales made by retailers to beneficiaries. The sale of all subsidised fertilisers to farmers is made through point of sale (PoS) devices installed at each retailer shop. The beneficiaries are identified through Aadhaar,