



# **KHAITAN CHEMICALS AND FERTILIZERS LIMITED**



**32<sup>nd</sup> Annual Report 2013-2014**

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



<b>ANNUAL GENERAL MEETING:</b> Date : 7 <sup>th</sup> August, 2014 Day : Thursday Time : 1.00 P.M. Place : Registered Office	<b>BOARD OF DIRECTORS:</b> Shailesh Khaitan : Chairman & Managing Director Jagdish Lal Jajoo : Whole Time Director Dr. Prakash Goyal : Director Vijay Gupta : Director Balmukund Dakhera : Director Utsav Khaitan : Whole Time Director (w.e.f. 20.05.2014)
<b>REGISTERED OFFICE:</b> A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone -451569 (M.P.)	<b>PRESIDENT &amp; SECRETARY:</b> <b>R. S. Vijayvargiya</b>
<b>INDORE OFFICE:</b> 301-308, Apollo Arcade, 1/2, Old Palasia, Indore -452018 (M.P.)	<b>AUDITORS:</b> M/s. S. S. Kothari Mehta & Co. 146-149, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065
<b>DELHI OFFICE:</b> 201, Skipper House, 62-63, Nehru Place, New Delhi-110019	<b>KOLKATA OFFICE:</b> 46-C, Rafi Ahmed Kidwai Road, 3 <sup>rd</sup> Floor, Kolkata-700 016
<b>WORKS :</b> <b>Fertilizers &amp; Chemical Division:</b> 1). A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone - 451569 (M.P.) 2). Village Goramachia, Kanpur Road, Jhansi - 248001 (U.P.) 3). Village Dhinva, Tehsil Nimbahera Dist. Chittorgarh - 312601 (Rajasthan) 4). A-1, UPSIDC Industrial Area, Malwan, Dist. Fatehpur - 212664 (U.P.) 5). Village Farhad (Somni), Dist. Rajnandgaon - 491443 (Chattisgarh) 6). 42/7, GIDC Industrial Estate, Dahej, Vagra Dist. Bharuch-392130 (Gujarat) <b>Processing facility at Arihant phosphate &amp;                  Fertilizers Ltd.</b> 7). Village Sagwadia, Tehsil Nimbaheda, Dist. Chittorgarh - 312601 (Rajasthan) <b>Soya Division:</b> Dosigaon Industrial Area, Ratlam - 457001 (M.P.)	<b>SOLICITORS:</b> M/s. Khaitan & Partners Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001 <b>BANKERS:</b> ● State Bank of India      ● IDBI Bank Ltd. ● Corporation Bank      ● HDFC Bank Ltd., ● Axis Bank Ltd. <b>CONTENTS:</b> Notice : 01-08 Directors' Report : 09-11 Management Discussion & Analysis Report : 12-13 Report on Corporate Governance : 14-18 Auditor's Report : 19-21 Balance Sheet : 22 Statement of Profit & Loss : 23 Cash Flow Statement : 24 Notes to financial statements : 25-40 <b>Listing of Shares:</b> The Bombay Stock Exchange Ltd. (B.S.E.) Stock Code: 507794 ISIN No.: INE745B01028 (NSDL & CDSL)

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

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## NOTICE

NOTICE is hereby given that the **THIRTY SECOND ANNUAL GENERAL MEETING OF 'KHAITAN CHEMICALS & 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, 7<sup>th</sup> day of August, 2014 at 1:00 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2014, including the Audited Balance Sheet as at 31<sup>st</sup> March, 2014, the statement of profit and loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend on the equity shares of the Company for the year ended on 31<sup>st</sup> March, 2014.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT M/s. S.S. Kothari Mehta & Co., Chartered Accountants (Registration No. 000756N) be and is hereby appointed as an Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS:

4. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.  
To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:  
"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;  
"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. **Increase the overall limit of borrowing:-**  
To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:  
"RESOLVED THAT in suppression of the earlier resolution passed at the 27<sup>th</sup> Annual General Meeting of the members of the Company held on 31<sup>st</sup> day of July 2009, the consent of the Company be and is hereby accorded under the provisions of Section 180(1)(c) and rules made thereunder of the Companies Act, 2013 and all other applicable provisions, if any (previously Section 293(1)(d) of the Companies Act, 1956), to the Board of Directors to borrow from time to time such sum or sums of monies as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from Company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of Rs. 600 Crores (Rupees Six Hundred Crores)."
6. **Appointment of Shri Utsav Khaitan, as a Director liable to retire by rotation and also as a Whole Time Director**  
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 149 of the Companies Act, 2013 and the rules made thereunder and all other applicable provisions, if any, and the Articles of Association of the Company, Shri Utsav Khaitan (DIN: 03021454.) who has appointed as an Additional Director by the Board of Directors with effect from 20.05.2014 to hold office of the Director until the date of Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Utsav Khaitan (DIN: 03021454) as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company and he is liable to retire by rotation."

"RESOLVED FURTHER THAT, pursuant to provisions of Section 188, 196 and 197, Schedule V and other applicable provisions of the Companies Act, 2013, and rules thereunder the approval of the Company be and is hereby accorded for appointment of Shri Utsav Khaitan (DIN: 03021454) as a Whole time Director of the Company for a period of five years, with effect from 20.05.2014 on the terms and conditions as specified in the statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice convening this Annual General Meeting a copy whereof initialed by the Chairman for the purposes of identification is placed before this meeting, be and the same is hereby approved, with such modifications as may be agreed by the Board of Directors of the Company and Shri Utsav Khaitan."

7. **Re-appointment of Shri Shailesh Khaitan as the Chairman and Managing Director.**  
To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:  
"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Shailesh Khaitan (DIN: 0041247) as Chairman and Managing Director (Key Managerial Person) of the Company, for a period of 5 (five) years with effect from April 1, 2014, on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) 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 acceptable to Shri Shailesh Khaitan, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;  
"RESOLVED FURTHER THAT the Board 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."
8. **Re-appointment of Shri Jagdish Lal Jajoo as a Whole Time Director.**  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Jagdish Lal Jajoo (DIN: 02758763) as a Whole Time Director of the Company, for a period of 5 (five) years with effect from April 1, 2014, on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



include the Nomination and Remuneration Committee of the Board) 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 acceptable to Shri Jagdish Lal Jajoo, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof; and Shri Jagdish Lal Jajoo shall be liable to retire by rotation from the post of Directors of the Company in terms of Section 152 of the Companies Act, 2013 and rules made thereunder."

"**RESOLVED FURTHER** that the Board 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."

9. **Re-appointment of Shri Balmukund Dakhera as an Independent Director, not liable to retire by rotation:**

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 Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of listing agreement, Shri Balmukund Dakhera (holding DIN:05105269), Director of the Company, who retires by rotation at this Annual General Meeting (under the erstwhile applicable provisions of the Companies Act, 1956), and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to proposed Shri Balmukund Dakhera as a candidate for the Office of the Director of the Company be and is hereby appointed as an 'Independent Director' of the Company to hold office for a term of five years for the period of 01.04.2014 to 31.03.2019 and he shall not be liable to retire by rotation."

"**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Balmukund Dakhera be paid such fees as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed by the Company from time to time."

10. **Re-appointment of Dr. Prakash Goyal as an Independent Director, not liable to retire by rotation:**

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 Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of listing agreement, Dr. Prakash Goyal (holding DIN:00754744), Director of the Company, liable to retires by rotation (under the erstwhile applicable provisions of the Companies Act, 1956), and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to proposed Dr. Prakash Goyal as a candidate for the Office of the Director of the Company be and is hereby appointed as an 'Independent Director' of the Company to hold office for a term of five years for the period of 01.04.2014 to 31.03.2019 and he shall not be liable to retire by rotation."

"**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Prakash Goyal be paid such fees as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed by the Company from time to time."

11. **Re-appointment of Shri Vijay Gupta as an Independent Director not liable to retire by rotation:**

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 Sections 149, 150,

152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of listing agreement, Shri Vijay Gupta (holding DIN:03511193) Director of the Company, liable to retires by rotation (under the erstwhile applicable provisions of the Companies Act, 1956), and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to proposed Shri Vijay Gupta as a candidate for the Office of the Director of the Company be and is hereby appointed as an 'Independent Director' of the Company to hold office for a term of five years for the period of 01.04.2014 to 31.03.2019 and he shall not be liable to retire by rotation."

"**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Vijay Gupta be paid such fees as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed by the Company from time to time."

12. **Appointment of Ms. Veena Chadha as a Woman Director.**

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 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV of the Companies Act, 2013, Ms. Veena Chadha (DIN: 06886533) be and is hereby appointed as an Independent Woman Director of the Company at this Annual General Meeting to hold office for a term of five years with effect from 07.08.2014 to 06.08.2019 and she is not liable to retire by rotation."

"**RESOLVED FURTHER THAT**, pursuant to the provisions of Section 160 of the Companies Act, 2013 the Company has received a notice in writing from a member signifying her intention to propose as a candidate for the office of a Director of the Company."

"**RESOLVED FURTHER** that pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Veena Chadha be paid such fees as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time."

13. **To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015.**

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. 95,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2015 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."

Registered Office :  
A.B. Road, Village-Nimrani,  
Dist. Khargone (M.P.)  
Date : June, 20, 2014

**By Order of the Board**  
S/d  
**(R. S. VIJAYVARGIYA)**  
President & Secretary

# KHAITAN CHEMICALS & FERTILIZERS LIMITED



## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE 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.**
2. 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.
3. Member(s)/Proxies are requested to bring the attendance slip annexed herewith, duly filled in, for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from August 1, 2014 to August 7, 2014, both days inclusive for the purpose of payment of dividend, if declared at the Annual General Meeting.
5. Members who hold shares in dematerialized form are requested to quote Depository Account Number (Client ID No.) for recording of attendance at the meeting.
6. Members are requested to notify to the Company immediately, quoting Registered Folio No., change in their address, if any, with the pin code number.
7. 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.
8. 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.
9. Shareholders who are still holding physical share certificate are advised to dematerialize their shareholding to avail benefit of dematerialization.
10. The Company has transferred all unpaid/unclaimed equity dividends up to the financial year 2005-06 to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. (Section 125 of Companies Act, 2013).
11. Members are advised to claim their unpaid dividend for the year 2006-07 to 2012-13 if any, the Company is having unpaid dividend of Rs. 41.49 lacs for the year 2006-07 to 2012-13. 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 (section 124(6) yet to be notified). Therefore in the interest of the members it is advised to take appropriate action to encash the unpaid dividend and update their bank particulars through the respective DPs.
12. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the President & Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
13. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
14. **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.**
15. 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.
16. Electronic copy of the Annual Report for the FY 2013-14 is being sent to all the members whose email IDs 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 2013-14 is being sent in the permitted mode.
17. The register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting of the Company.
18. The Register of Directors and Key Managerial Personal 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 32<sup>nd</sup> 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 IDs 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 32<sup>nd</sup> 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 32<sup>nd</sup> Annual General Meeting and the Annual Report for the FY 2013-14 will also be available on the Company's website [www.khaitanchemfert.com](http://www.khaitanchemfert.com) for their download. 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](mailto:khaitanchemfert@gmail.com).
21. Voting through electronic means
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 32<sup>nd</sup> Annual General Meeting (AGM) by electronic means 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.
      - (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 & Fertilizers Ltd." of (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 : [csriteshguptakcfi@gmail.com](mailto:csriteshguptakcfi@gmail.com) with a copy marked to : [khaitanchemfert@gmail.com](mailto: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] :
- 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**
  - Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. 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 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.
- 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 July 31, 2014 (9.00 am) and ends on August 2, 2014 (6.00 pm). 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 June 30, 2014, 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. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of June 30, 2014.
- VII. CS Ritesh Gupta, Company Secretary in whole time Practice (ICSI Membership No. 5200 CP No. 3764) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes 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.
- 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](http://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. 4

The Articles of Association ("AoA") of the Company as presently in force when the Company was incorporated in 1982. The existing ("AoA") are based on the Companies Act, 1956 and several regulations in the existing ("AoA") contain references to specific sections of the Companies Act, 1956 and some regulations in the existing ("AoA") are no longer in conformity with the Act. The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction/ confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several regulations of the existing

("AoA") of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing ("AoA") by a new set of Articles.

The new ("AoA") to be substituted in place of the existing ("AoA") are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft ("AoA") of the Company viz:

- Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- existing articles have been streamlined and aligned with the Act;
- the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- provisions of the existing ("AoA") which are already part of statute in the Act have not been reproduced in the new draft ("AoA") as they would only lead to duplication – their non-inclusion makes the new ("AoA") crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft ("AoA") is being uploaded on the Company's website for perusal by the shareholders.

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

The Board commends the **Special Resolution** set out at Item No. 4 of the Notice for approval by the shareholders.

### Item No. 5

The members of the Company at their 27<sup>th</sup> Annual General Meeting held on 31.07.2009 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 400 Crores (Rupees Four Hundred Crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12<sup>th</sup> September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from Company's bankers in the ordinary course of business) and remaining outstanding at any point of time except with the consent of the Company accorded by way of a special resolution.

In view of the above and expected growth in the business of the Company, it may be necessary for the Company to borrow monies from various sources, consequent to which the amount outstanding could exceed the present limit of Rs. 400 crores. Further under law, it is now required that such a resolution be passed by way of a special resolution.

Your Directors accordingly commend increase in the borrowing powers from Rs. 400 crores to Rs. 600 crores as set out in the resolution at Item No. 5 for approval of the members as a **Special Resolution**.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

### Item No. 6

Shri Utsav Khaitan is associated with the Company since 06.08.2013, as Management Trainee. He is qualified as B.Sc in Economics from New York University.

The Board of Directors of the Company at its meeting held on 20<sup>th</sup> day of May, 2014 upon the approval of the Nomination and Remuneration Committee of the Board at their meeting held on 20.05.2014. has appointed Shri Utsav Khaitan, as an Additional Director and also Whole Time employment, under Section 149, 152, and 161, subject to the approval of members and shareholders of the Company in ensuing annual general meeting for a period of five years w.e.f. 20.05.2014, at the remuneration, in accordance with the norms laid down in Section 196, 197 and other applicable provisions of the Companies Act, 2013 and the rules

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made there under, read with Schedule V of the Companies Act, 2013.

Shri Utsav Khaitan shall be specifically looking after marketing activity. Shri Utsav Khaitan is son of Shri Shailesh Khaitan, Promoter, Chairman and Managing Director of the Company and to take him on Board for larger long term interest of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri Utsav Khaitan will hold the office up to date of the ensuing AGM. The Company has received notice with deposit of Rs. 1,00,000/- in writing intending his candidature under the provision of Section 160 of the Companies Act, 2013, for the office of Whole Time Director and shall be liable to retire by rotation.

The Company has received from Shri Utsav Khaitan (i) consent in writing to act as a director in prescribed form DIR-2 and (ii) an intimation in prescribed form DIR-8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013.

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

## Remuneration, benefits and perquisites:

**i. Salary:** Rs. 90,000/- (Rupees Ninety Thousand) per month, with an annual increment of Rs. 10,000/- per month. Salary will be subject to the deduction of Income 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 New Delhi, 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. 20000/- towards personal accident insurance policy of Shri Utsav Khaitan.

#### 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 Utsav Khaitan shall be in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, as amended from time to time.

### 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.

He is liable to retire by rotation during his tenure as a Whole Time Director.

**Shri Utsav Khaitan is son of Shri Shailesh Khaitan, Chairman and Managing Director of the Company. Hence, he is covered under the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder.**

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

Except Shri Utsav Khaitan, being an appointee and Shri Shailesh Khaitan, Chairman and Managing Director, being his relative none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Shri Utsav Khaitan is holding 13440 Equity shares consisting 0.01% of the paid up capital of the Company.

This explanation, together with the accompanied notice is and should be treated as an abstract under Section 189 and 190 of the Companies Act, 2013 and rules made thereunder, in respect of the appointment of Shri Utsav Khaitan, as the Whole Time Director.

The resolution for seeks approval of members as an **Ordinary Resolution** for the appointment of Shri Utsav Khaitan as a Whole time director of the Company from 20.05.2014 to 19.05.2019, pursuant to the provisions of Section 196 and 197 read with schedule V other applicable provision of the Companies Act, 2013 and the rules made there under.

### Item No. 7

Shri Shailesh Khaitan was re-appointed as the Managing Director in 30<sup>th</sup> Annual General Meeting of the Company w.e.f. 01.04.2012 for a period of 3 years.

Shri Shailesh Khaitan is a promoter director of the Company and associated as the Managing Director since 1<sup>st</sup> September, 1984. In his able leadership the performance of the Company has been satisfactory.

The present terms of appointment of Shri Shailesh Khaitan is expiring on 31.03.2015 and in view of introduction of the Companies Act, 2013, it would be appropriate to appoint him afresh from April 1, 2014.

In view of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 20<sup>th</sup> day of May, 2014 and on the recommendation of the Nomination and Remuneration Committee at their meeting held on 20.05.2014, has revised the term of appointment of Shri Shailesh Khaitan as the Chairman & Managing Director (Key Managerial Person) of the Company subject to the approval of members of the Company in ensuing annual general meeting for a period of five years with effect from 01.04.2014, on the remuneration norms laid down in Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under, read with Schedule V of the Companies Act, 2013.

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

## Remuneration, benefits and perquisites:

**i. Salary:** Rs. 7,00,000/- (Rupees Seven Lacs) per month, with an annual increment of Rs. 50,000/- per month. Salary will be subject to the deduction of Income tax at the applicable rates, under the Income Tax Act, 1961.

### ii. Contribution to Provident Fund:

The Company's contribution towards Provident Fund is subject to a ceiling of 12% of the salary.

Contribution towards Provident fund, Pension/ Superannuation fund/ Public Provident fund as per rules of the Company to the extent that these are not taxable under the Income Tax Act, 1961.

### iii. Commission:

1% on the net profit of the Company, computed in manner laid down under the Companies Act, 2013 subject to the maximum 100% of the salary.

### iv. Perquisites

#### a) Housing:

(i) Expenditure incurred by the Company on hiring accommodation for the Chairman and Managing Director will be subject to 60% of the salary.

(ii) If the Company does not provide accommodation to the Chairman and Managing Director, house rent allowance will be paid by the Company to the Chairman and Managing Director subject to the ceiling mentioned hereinabove.

(iii) If accommodation in the Company's owned house is provided, the Chairman and Managing Director shall pay to the Company by way of rent i.e. 10% of the salary.

(iv) The expenditure incurred by the Company on gas, electricity, water and furnishings provided to him will be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of the salary.

#### 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.

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## 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. 50,000/- towards personal accident insurance policy of Shri Shailesh Khaitan.

## f) Car & Telephone:

- (i) Free use of the Company's car for the Company's business
- (ii) Personal long distance call on telephone and use of car for private purpose shall be billed by the Company to the Chairman and Managing Director.

## v). 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.

## vi). 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 Shailesh Khaitan shall be in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 as amended from time to time.

## vii). Sitting Fees:

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

Shri Shailesh Khaitan is not liable to retire by rotation during his tenure as the Chairman & Managing Director.

Except Shri Shailesh Khaitan being an appointee and Shri Utsav Khaitan, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

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

Shri Shailesh Khaitan is holding 35,79,830 Equity shares consisting 3.69% of the paid up capital of the Company.

This explanation, together with the accompanied notice is and should be treated as an abstract under Section 189 and 190 of the Companies Act, 2013 and rules made there under, in respect of the appointment of Shri Shailesh Khaitan, as the Chairman and Managing Director.

The resolution for seeks approval of members as an **Ordinary Resolution** for the appointment of Shri Shailesh Khaitan, as a Chairman and Managing Director of the Company from 01.04.2014 to 31.03.2019, pursuant to the provisions of Section 196, 197 and 203 read with Schedule V other applicable provision of the Companies Act, 2013 and the rules made there under.

## Item No. 8

Shri Jagdish Lal Jajoo is a Chartered Accountant and he was earlier associated with the Company since beginning to 1995 as Vice President/ President/ Executive Director/Independent Director, and thereafter remains on the Board as a Whole Time Director.

The present terms of appointment of Shri Jagdish Lal Jajoo is expiring on 31.10.2014 and in view of introduction of the Companies Act, 2013, it would be appropriate to appoint him afresh from April 1, 2014.

In view of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 20<sup>th</sup> day of May, 2014 and on the recommendation of the Nomination and Remuneration Committee at their meeting held on 20.05.2014 has revised the term of appointment of Shri Jagdish Lal Jajoo, as Whole Time Director of the Company subject to the approval of members of the Company in ensuing annual general meeting for a period of five years with effect from 01.04.2014, at the remuneration norms laid down in Section 196, 197 and other applicable provisions of the Companies Act, 2013 and the rules made there under, read with Schedule V of the Companies Act, 2013.

Further, Shri Jagdish Lal Jajoo shall be specifically looking after strategically business development and administration. The information in respect of the terms of remuneration and 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.

Shri Jagdish Lal Jajoo is liable to retire by rotation during his tenure as Whole Time Director.

Except Shri Jagdish Lal Jajoo being an appointee, none of the Directors of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

This explanation, together with the accompanied notice is and should be treated as an abstract under Section 189 and 190 of the Companies Act, 2013 and rules made there under, in respect of the appointment of Shri Jagdish Lal Jajoo, as the Whole Time Director.

There shall be relations with Shri Jagdish Lal Jajoo and the Company as an employee and employer for all the purposes.

Shri Jagdish Lal Jajoo is holding 240 Equity shares consisting employer negligible% of the paid up capital of the Company.

The resolution for seeks approval of members as an **Ordinary Resolution** for the appointment of Shri Jagdish Lal Jajoo as Whole Time Director of the Company from 01.04.2014 to 31.03.2019, pursuant to the provisions of Section 196 and 197 read with Schedule V other applicable provision of the Companies Act, 2013 and the rules made there under.

## Item No. 9

Shri Balmukund Dakhera, is a Chartered Accountants and he is having rich & vast experience in the field of Taxation & Finance.

Shri Balmukund Dakhera is a Non-Executive (Independent) Director of the Company. He joined the Board in October 31, 2011. He is Chairman of Audit Committee and Remuneration Committee (now Nomination & Remuneration Committee) of Khaitan Chemicals & Fertilizers Ltd. Shri Balmukund Dakhera retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956.

In terms of Section 149 read with schedule IV, Section 150, 152 and other applicable provisions of the Companies Act, 2013, Shri Balmukund Dakhera being eligible and seeking re-appointment, is proposed to be appointed as an **Independent Director** for a term of five years from 01.04.2014 to 31.03.2019.



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The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Shri Balmukund Dakhera for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Shri Balmukund Dakhera (i) a consent in writing to act as a director in prescribed Form DIR-2 and (ii) an intimation in prescribed Form DIR -8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 and (iii) A declaration to the effect that he meets the criteria of Independence as provided in sub Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri Balmukund Dakhera as an Independent Directors of the Company for a term of five years 01.04.2014 to 31.03.2019 pursuant to the provisions of Section 149, 152 and other applicable provision of the Companies Act, 2013 and the rules made thereunder, and he is not liable to retire by rotation.

In the opinion of the Board, Shri Balmukund Dakhera, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Shri Balmukund Dakhera, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working day upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Balmukund Dakhera as an Independent Director.

Accordingly, the Board recommends the resolution to appoint Shri Balmukund Dakhera as an Independent Director for the approval of the members.

Except Shri Balmukund Dakhera, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Shri Balmukund Dakhera is holding NIL Equity shares consisting NIL% of the paid up capital of the Company.

## Item No. 10

Dr. Prakash Goyal is a Chemical Engineer possessing a wide and varied experience in 'Excellent General Management Skills' & 'Vast Project Consulting Experience'. He is qualified as Ph.D in (Chemical Engineering) and B.S.C. Tech. (Chemical Engineering).

Dr. Prakash Goyal is a Non-Executive (Independent) Director of the Company. He has been on the Board of Khaitan Chemicals & Fertilizers Ltd. since July, 16, 1999. He is Chairman of Shareholders'/ Investors' Grievance Committee (now Stakeholders Committee) of Khaitan Chemicals & Fertilizers Ltd. and he is member of the Audit Committee and Remuneration Committee (now Nomination & Remuneration Committee) of Khaitan Chemicals & Fertilizers Ltd. The appointment of Dr. Prakash Goyal is liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

In terms of Section 149 read with schedule IV, Section 150, 152 and other applicable provisions of the Companies Act, 2013, Dr. Prakash Goyal, being eligible and seeking re-appointment, is proposed to be appointed as an **Independent Director** for a term of five years from 01.04.2014 to 31.03.2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Dr. Prakash Goyal for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Dr. Prakash Goyal (i) a consent in writing to act as a director in prescribed Form DIR-2 and (ii) an intimation in prescribed Form DIR -8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 and (iii) A declaration to the effect that he meets the criteria of Independence as provided in sub Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Dr. Prakash Goyal as an Independent Directors of the Company for a term of five years 01.04.2014 to 31.03.2019 pursuant to the provisions of Section 149, 152 and other applicable provision of the Companies Act, 2013 and the rules made thereunder, and he is not liable to retire by rotation.

In the opinion of the Board, Dr. Prakash Goyal, the Independent Director

proposed to be appointed, fulfils the conditions specified in the Act and rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Dr. Prakash Goyal, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working day upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Dr. Prakash Goyal as an Independent Director.

Accordingly, the Board recommends the resolution to appoint Dr. Prakash Goyal as an Independent Director for the approval of the members.

Except Dr. Prakash Goyal, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 10. This Explanatory Statement may also be regarded as a disclosure

under Clause 49 of the Listing agreement with the Stock Exchange.

Dr. Prakash Goyal is holding 800 Equity shares consisting negligible% of the paid up capital of the Company.

## Item No. 11

Shri Vijay Gupta is a Businessman and he is possessing a rich and vast experience in field of Trade and Marketing.

Shri Vijay Gupta is a Non-Executive Independent Director of the Company. He has been on the Board of Khaitan Chemicals & Fertilizers Ltd. since May, 18, 2011. He is Members of Shareholders'/Investors' Grievance Committee (now Stakeholders Committee), Audit Committee and Remuneration Committee (now Nomination & Remuneration Committee) of Khaitan Chemicals & Fertilizers Ltd. The appointment of Shri Vijay Gupta is liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

In terms of Section 149 read with schedule IV, Section 150, 152 and other applicable provisions of the Companies Act, 2013, Shri Vijay Gupta being eligible and seeking re-appointment, is proposed to be appointed as an **Independent Director** for a term of five years from 01.04.2014 to 31.03.2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Shri Vijay Gupta for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Shri Vijay Gupta (i) a consent in writing to act as a director in prescribed Form DIR-2 and (ii) an intimation in prescribed Form DIR -8 to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 and (iii) A declaration to the effect that he meets the criteria of Independence as provided in sub Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri Vijay Gupta as an Independent Directors of the Company for a term of five years 01.04.2014 to 31.03.2019 pursuant to the provisions of Section 149, 152 and other applicable provision of the Companies Act, 2013 and the rules made thereunder, and he is not liable to retire by rotation.

In the opinion of the Board, Shri Vijay Gupta, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and rules made thereunder and he is independent of the management. A copy of the draft letter for the appointment of Shri Vijay Gupta, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working day upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Vijay Gupta as an Independent Director.

Accordingly, the Board recommends the resolution to appoint Shri Vijay Gupta as an Independent Director for the approval of the members.

Except Shri Vijay Gupta, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 11. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Shri Vijay Gupta is holding 80 Equity shares consisting negligible% of the paid up capital of the Company.

## Item No. 12

Ms. Veena Chadha is a social worker, she has served 7 years in India Airlines/Air India as a Trainer, 4 years as a President of Inner Wheel (Rotary Qutab) and since last 13 years, she is with cultural group

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(SAMAGAM) and holding the position of as an Executive Director. She is qualified as B.A. Hons (English).

In terms of Section 149 read with schedule IV, Section 150, 152 and other applicable provisions of the Companies Act, 2013, Ms. Veena Chadha is proposed to be appointed as an **Independent Director** for a term of five years from 07.08.2014 to 06.08.2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Ms. Veena Chadha for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Ms. Veena Chadha (i) a consent in writing to act as a director in prescribed Form DIR-2 and (ii) an intimation in prescribed Form DIR-8 to the effect that she is not disqualified under Section 164 (2) of the Companies Act, 2013 and (iii) A declaration to the effect that she meets the criteria of Independence as provided in sub Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Ms. Veena Chadha as an Independent Directors of the Company for a term of five years from 07.08.2014 to 06.08.2019, pursuant to the provisions of Section 149, 152 and other applicable provision of the Companies Act, 2013 and the rules made thereunder, and she is not liable to retire by rotation.

In the opinion of the Board, Ms. Veena Chadha, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and rules made thereunder and she is independent of the management. A copy of the draft letter for the appointment of Ms. Veena Chadha, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's Registered Office during normal business hours on working day upto the date of AGM.

Accordingly, the Board recommends the resolution to appoint Ms. Veena

Chadha as an Independent Director for the approval of the members.

Except Ms. Veena Chadha, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 12. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Ms. Veena Chadha is holding NIL Equity shares consisting NIL% of the paid up capital of the Company.

## Item No. 13

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 and 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 20, 2014, 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. 95,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2015.

The Resolution at Item No. 13 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. 13 of the Notice.

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

Name of Director	Shri Utsav Khaitan	Shri Shailesh Khaitan	Shri Jagdish Lal Jajoo	Shri Balmukund Dakhera
Age	23 year	58 years	70 years	52 years
Qualification	B.Sc. (Economics)	B. Com (Hons.)	Chartered Accountant	Chartered Accountant
Date of Appointment	20 <sup>th</sup> May, 2014	1 <sup>st</sup> September, 1984	1 <sup>st</sup> January, 1991	31 <sup>st</sup> October, 2011
Expertise	Marketing	Industrialist	Rich and vast experience in the field of Management and finance.	Rich and vast experience in the field of Taxation and finance.
Other Directorships (excluding Pvt. Companies) as on 31 <sup>st</sup> March, 2014	Nil	1. Shradha Projects Ltd. 2. Tribhuvan Properties Ltd.	Nil	Nil
Chairman / Member of the Committees as on 31 <sup>st</sup> March, 2014	Nil	Nil	Nil	<b>Khaitan Chemicals &amp; Fertilizers Ltd.:</b> <b>Chairman:</b> (1) Audit Committee (2) Remuneration Committee.

Name of Director	Dr. Prakash Goyal	Shri Vijay Gupta	Ms. Veena Chadha
Age	70 years	57 years	68 Years
Qualification	Ph.D in Chemical Engineering, BSc Tech. (Chemicals Engineering)	B.Com (H)	B.A. Hon.(English)
Date of Appointment	16 <sup>th</sup> July, 1999	18 <sup>th</sup> May, 2011	7 <sup>th</sup> August, 2014
Expertise	Excellent General Management Skills & Vast Project Consulting Experience.	Businessman	Rich and vast experience in the field of Service Sector
Other Directorships (excluding Pvt. Companies) as on 31 <sup>st</sup> March, 2014	Nil	Nil	Nil
Chairman / Member of the Committees as on 31 <sup>st</sup> March, 2014	<b>Khaitan Chemicals &amp; Fertilizers Ltd.:</b> <b>Chairman:</b> Shareholder's/ Investor's Grievances Committee. <b>Member:</b> (1) Audit Committee (2) Remuneration Committee	<b>Khaitan Chemicals &amp; Fertilizers Ltd.:</b> <b>Member:</b> (1) Audit Committee (2) Shareholder's/ Investor's Grievances Committee (3) Remuneration Committee.	Nil