



# **KHAITAN CHEMICALS AND FERTILIZERS LIMITED**



**38<sup>th</sup> Annual Report 2019-2020**

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

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

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

## KHAITAN CHEMICALS AND FERTILIZERS LIMITED

CIN: L24219MP1982PLC004937

Regd. Office: A. B. Road, Village Nimrani, Dist. Khargone-451569 (M.P.)  
e-mail: [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com), Website: [www.khaitanchemfert.com](http://www.khaitanchemfert.com)  
Phone: 0731-4237926, 4753666, Fax: 0731-4753655

### NOTICE OF 38<sup>th</sup> ANNUAL GENERAL MEETING

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

#### ORDINARY BUSINESS:

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

#### SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

By Order of the Board

S/d

(KAMLESH JOSHI)

Company Secretary & General Manager

Place : Indore

Date: June 22, 2020

#### NOTES:

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

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

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

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



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

## 24. Voting through electronic means

- I. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the company is pleased to provide members facility to exercise their right to vote at 38th Annual General Meeting (AGM) by electronic means /remote e-voting and the business may be transacted through e-Voting Services provided by NSDL.
- II. The remote e-voting period commences on Tuesday, 4<sup>th</sup> day of August, 2020 (9.00 A.M.) and ends on Thursday, 6<sup>th</sup> day of August, 2020 (5.00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 31<sup>st</sup> day of July, 2020, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III. Members holding shares in physical or in Demat form as on Friday, 31<sup>st</sup> day of July, 2020, shall only be eligible for Remote e-voting.
- IV. Members will be provided with the facility for voting through electronic voting system during the VC proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote at the end on discussion on the resolution on which voting is to be held, upon announcement by the Chairperson. Members who have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again.
- V. The remote e-Voting module on the day of the AGM shall be disabled by NSDL for voting after the conclusion of the Meeting.
- VI. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- VII. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of notice through email and holding shares as of cut-off date i.e.- Friday, 31<sup>st</sup> day of July, 2020 may obtain the login ID and password by sending a request at [ankit\\_4321@yahoo.com](mailto:ankit_4321@yahoo.com) or [khaitanchemfert@gmail.com](mailto:khaitanchemfert@gmail.com) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- VIII. The Board of Directors has appointed CS Ritesh Gupta, Company Secretary Whole Time in Practice (ICSI Membership No. FCS-5200 CP No. 3764) as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website at [www.khaitanchemfert.com](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.

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

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

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

**Details on Step 1 is mentioned below:**

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

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

4. Your User ID details are given:

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

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

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

#### Details on Step 2 is given below:

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

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

#### General Guidelines for shareholders

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

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

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

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

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

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

##### Item No. 4

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

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

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

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

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

## Item No. 5

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

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

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

### Remuneration, benefits and perquisites:

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

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

## Annexure-I

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

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

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

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

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

**(Rs. in Lacs)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SOYA/AGRI DIVISION**

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

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

**DIVIDEND**

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

**SHARE CAPITAL**

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

**RESERVES AND SURPLUS**

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

**INVESTORS EDUCATION & PROTECTION FUND**

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



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

## **PROJECTS & FINANCE**

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

## **FIXED DEPOSITS**

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

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

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

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

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

## **FOREIGN EXCHANGE EARNING AND OUTGO**

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

## **DIRECTORS**

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

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

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

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

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

## **KEY MANAGERIAL PERSONNEL:**

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

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

## **INDEPENDENT DIRECTORS DECLARATION**

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

## **CORPORATE GOVERNANCE**

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

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

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

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

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

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

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

## **COMPOSITION OF AUDIT COMMITTEE**

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

## **NOMINATION & REMUNERATION POLICY**

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

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

## **AUDITORS & AUDIT REPORT**

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

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

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

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

## **COST AUDITOR:**

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

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

## **INTERNAL AUDITOR:**

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

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

## **SECRETARIAL AUDIT:**

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

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

## **SECRETARIAL STANDARDS:**

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

## **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

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

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

## **BOARD EVALUATION**

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

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

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

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

## **EXTRACT OF ANNUAL RETURN:**

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

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

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