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# S S KOTHARI MEHTA & CO

CHARTERED ACCOUNTANTS

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## LIMITED REVIEW REPORT

To  
The Board of Directors  
Khaitan Chemicals & Fertilizers Limited  
**NEW DELHI**

1. We have reviewed the accompanying statement of unaudited financial results of **KHAITAN CHEMICALS & FERTILIZERS LIMITED** for the period ended 30<sup>th</sup> September 2011 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors / Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We draw attention to **Note No 4 of the accompanying statement of unaudited financial results for the quarter ended on 30<sup>th</sup> September 2011 pertaining to recognition of subsidy income, which is not in line with Office Memorandum No. 23011/1/2010-MPR dated 11-07-2011 and No. 23011/42/2010-MPR/SSP dated 12-10-2011 issued by the Ministry of Chemicals & Fertilizers, Govt. of India, based on the legal opinion sought by Fertilizer Association of India. Had the Company recognized subsidy Income in line with the above Office Memorandums (excluding the effect of various raw materials for fertilizers as on 31-3-2011), 'Net Sales/Income from Operations' & 'Profit after tax' for the quarter ended 30<sup>th</sup> September 2011 would have been lower by Rs 552.91 lacs (Half yearly ended 30<sup>th</sup> Sept 2011 lower by Rs 1465.11 lacs) and Rs 373.51 lacs (Half yearly ended 30<sup>th</sup> Sept 2011 lower by Rs 989.85 lacs) respectively and further 'Reserves & Surplus' and 'Other current assets' as on 30<sup>th</sup> September 2011 would have been lower by Rs. 989.85 lacs . However with respect to various raw materials for fertilizers as on 31-3-2011, as explained, the impact on 'Net sales/Income from Operations', 'Profit after tax, 'Reserves & Surplus' and 'Other current assets' is unascertainable.**

Based on our review **Subject to our comments in paragraph 3 with consequential impact as mentioned above**, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: New Delhi  
Dated: 31.10.2011

For S.S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Regn. No. 00756N  
NEW DELHI  
CA Harish Gupta  
Partner  
Membership No. 98336

