

2007-08



khaitan (India) Limited

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khaitan (India) Limited

Regd. Office: 46C, J. L. Nehru Road, Kolkata 700 071
Phone : (033) 2288 8391, Fax : 91 33 2288 3961

BOARD OF DIRECTORS

S. K. KHAITAN, Chairman
SUNIL K. KHAITAN, Vice-Chairman
R. S. GOENKA
S. K. TODI
M. K. JALAN
Dr. V. K. RUNGTA
A. K. KEDIA
S. BAFNA, Executive Director
P. P. TIBREWAL, Finance Director

COMPANY SECRETARY

B. K. CHORARIA

AUDITORS

CHATURVEDI & CO.
Chartered Accountants

COST AUDITORS

PRASAD & CO.

BANKERS

INDUSTRIAL DEVELOPMENT BANK OF INDIA
BANK OF BARODA

SUGAR & AGRICULTURE DIVISIONS

Office :

7, Red Cross Place, Kolkata 700 001
Phone: (033) 2210 3331, Fax : 91 33 2248 7516

Sugar Mill :

Khaitan Nagar 741 157
Plassey (Nadia), West Bengal
Phone: (03474) 262345/6/7, Fax : 03474-262348

Agriculture Division :

Ramnagar 742 163
(Murshidabad), West Bengal
Phone : (03482) 242233

Certified to be True Copy
For KHAITAN (INDIA) LTD.
B.K. Choraria
Company Secretary



NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy first Annual General Meeting of Khaitan (India) Limited will be held on Monday the 22nd September, 2008 at Merchant Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata 700 001 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. S. K. Todi, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. M. K. Jalan, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following Resolutions as Special Resolutions :
“ **RESOLVED THAT** pursuant to the provisions of Schedule XIII read with Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. S. K. Khaitan be and is hereby re-appointed as Whole-time Director designated as Chairman and consent be and is hereby given to him to hold and continue to hold an office or place of profit in the Company for a period commencing from 1st April, 2008 to 31st March, 2011 on the terms and conditions as set out in explanatory statement annexed hereto.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution :
“ **RESOLVED THAT** pursuant to the provisions of Schedule XIII read with Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. S. Bafna be and is hereby re-appointed as Wole-time Director designated as Executed Director and consent be and is hereby given to him to hold and continue to hold an office or place of profit in the Company for a period commencing from 1st April, 2008 to 31st March, 2011 on the terms and conditions as set out in explanatory statement annexed hereto.
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution :
“ **RESOLVED THAT** pursuant to the provisions of Schedule XIII read with Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. P. P. Tibrewal be and is hereby re-appointed as Whole-time Director designated as Finance Director and consent be and is hereby given to him to hold and continue to hold an office or place of profit in the Company for a period commencing from 1st April, 2008 to 31st March, 2011 on the terms and conditions as set out in explanatory statement annexed thereto.

Registered Office :
46-C, J. L. Nehru Road
Kolkata 700 071
the 30th June, 2008

By Order of the Board

B. K. Choraria
Company Secretary

NOTICE (Contd.)

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.** The instrument of Proxy should be deposited at the Registered Office of the Company, not later than 48 hours before commencement of the Meeting.
2. Members/Proxies should fill in and sign the attendance slips and deposit at the entrance of Meeting Hall, before attending the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2008 to 22nd September, 2008 (both days inclusive).
4. Members, desiring any information about accounts or otherwise, are requested to write to the Company, atleast 10 days in advance of the Annual General Meeting, to facilitate compilation thereof.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The terms of appointment of Mr. S. K. Khaitan, as Whole-time Director designated as Chairman expired on 31st March, 2008. After considering his managerial experience of 49 years, contribution to take the organization to new heights by his dynamic leadership and in depth market acumen, has re-appointed him, subject to approval of Shareholders, as Whole-time Director designated as Chairman of the Company with effect from 1st April, 2008 for a period upto 31st March, 2011.

REMUNERATION :

- a. **Salary :**
Rs. 2,50,000/- (Rupees two lac fifty thousand) per month in the scale of Rs. 2,50,000 – 5,00,000. The basic salary shall be enhanced every year subject to maximum as provided in the slab at the discretion of the Board, within the ceiling of 10% of the net profit of the Company.
- b. **Commission :**
Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular year, as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceiling stipulated in Sections 198 and 309 of the Act. The specific amount payable to all Whole-time Directors will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors.
- c. **Perquisites :**
In addition to the salary, as above, Mr. Khaitan will be entitled to the following perquisites within the overall limit stated above :

CATEGORY – I

- i) Free Furnished Accommodation or House Rent Allowance @ 60% of his salary, in lieu thereof.
- ii) City Compensatory Allowance @ 10% of Salary.
- iii) Expenditure incurred on gas, electricity, water and furnishing, valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of his salary.
- iv) Reimbursement of medical expense for self and family in accordance with rules of the Company.



NOTICE (Contd.)

- v) Leave Travel Assistance for self and family in accordance with the rules of the Company.
- vi) Subscription of the clubs of which Mr. S. K. Khaitan is a member.

CATEGORY – II

- i) In addition to the remuneration and perquisites stated above, Mr. S. K. Khaitan will be entitled to :
- ii) Gratuity as per rules of the Company but not exceeding half month's salary for each completed year of service, subject to a ceiling as may be prescribed by the Central Government at that time.
- iii) Earned leave as per rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling of perquisites.

CATEGORY – III (Not to be considered as perquisites)

- i) Provision of a car with driver for use on Company's business, alternatively car/conveyance expenses incurred on Company's business will be reimbursed at actuals.
- ii) Free telephone facility at residence.
- iii) Group Personal Accident Insurance Premium of which not to exceed Rs. 5,000/- p.a.

In the event of loss and inadequacy of profit, he will be entitled to the above remuneration as minimum remuneration.

He will not be liable to retire by rotation being a Whole-time Director.

Mr. S. K. Khaitan is interested in the above resolution to the extent of remuneration and perquisites payable to him, Mr. Sunil K. Khaitan is related to Mr. S. K. Khaitan and, therefore, interested to the extent of remuneration payable to him. No other Director is interested or concerned in the aforesaid resolution.

Item No. 6 and 7

The Board of Directors at its meeting held on 28th January, 2008 had re-appointed Mr. S. Bafna, Executive Director and Mr. P. P. Tibrewal, Finance Director from 1st April, 2008 to 31st March, 2011 on the following terms and conditions as set out hereunder :

Name and Designation	Basic Salary per Month (Rs.)	Scale (Rs.)
Mr. S. Bafna Executive Director	35,000/-	35,000–70,000
Mr. P. P. Tibrewal Finance Director	40,000/-	40,000–80,000

The basic salary shall be enhanced every year subject to maximum as provided in the slab at the discretion of the Board within the ceiling of 10% of the net profit of the Company.

Commission and Perquisites :

Commission :

Such remuneration by way of commission in addition to the salary, perquisites and allowances payable calculated with reference to the net profit of the Company in a particular year as may be determined by the Board of Directors of the Company at the end of each financial year subject to overall ceiling stipulated in section 198 and 309 of the Act. The specific amount payable to all Whole-time Directors will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors.

NOTICE (Contd.)

Perquisites :

In addition to salary and commission, they will be entitled to the following perquisites which shall be restricted to an amount equal to their annual salary :

CATEGORY – I

- i) Rent free Residential Accommodation or House Rent Allowance @ 60% of the salary in lieu thereof.
- ii) City Compensatory Allowance @ 10% of Salary.
- iii) Expenditure incurred on gas, electricity, water and furnishing, valued as per the Income Tax Rules, 1962 subject to a ceiling of 10% of their salary.
- iv) Reimbursement of medical expense actually incurred for self and family in accordance with rules of the Company.
- v) Leave Travel Assistance for self and family, once in two years or twice in a block of four years, incurred in accordance with the rules specified by the Company.
- vi) Fees of maximum of two clubs, which will not include admission and/or Life Membership Fees.

CATEGORY – II

- i) The Company's contributions to provident, superannuation and other Funds shall be subject to the regulations of the Company. Such contributions will not be included in computation of the ceiling on perquisites to the extent, not taxable under the Income Tax Act, 1961.
- ii) Gratuity as per rules of the Company but not exceeding half month's salary for each completed year of service, subject to a ceiling as prescribed by the Central Government at that time.
- iii) Earned leave as per rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling of perquisites.

CATEGORY – III (Not to be considered as perquisites)

- i) Provision of car with driver for use on Company's business. Alternatively, car/conveyance expenses incurred on Company's business will be reimbursed on actuals.
- ii) Free telephone facility at residence, provided that charges for all personal long distance calls shall not be borne by the Company.
- iii) Group Personal Accident Insurance Premium of which not to exceed Rs. 5,000/- p.a.
 - a) In the event of loss or inadequacy of profit, they will be entitled to the above remuneration as minimum remuneration.
 - b) They will be entitled to re-imburement of all expenses, actually and properly incurred in connection with the business of the Company.
 - c) They will not be entitled to receive fees for attending any meeting of the Board or a Committee hereof, so long as they function as Whole-time Directors of the Company.
 - d) The terms and conditions of this appointment including their designations can be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the provisions of Schedule XIII of the Companies Act, 1956.
 - e) The appointment can be terminated by either party by giving three months notice in writing to the other.

Whole-time Directors are not required to retire by rotation.

Mr. S. Bafna and Mr. P. P. Tibrewal are concerned and interested to the extent of remuneration payable to them.

No other Director is interested or concerned in the aforesaid resolutions.



DIRECTORS' REPORT
INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT
TO THE MEMBERS
KHAITAN (INDIA) LIMITED

Your Directors have pleasure in presenting their Seventy first Annual Report together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

	2007-08 Rs./Lacs	2006-07 Rs./Lacs
Sales & Operating Income were	5,184.65	5,059.40
Profit for the year was	25.83	321.65
From which is deducted		
- Depreciation	(104.07)	(89.05)
- Provision for Taxation	—	(16.50)
- Provision for Fringe Benefit Tax	(5.70)	(6.00)
Leaving a Balance of	(83.94)	210.10
To which is added :		
- Deferred Tax	49.72	33.39
- Prior Period Adjustments	3.24	(107.13)
- Profit Brought Forward from Previous Year	708.01	571.65
Making an available surplus of which is carried forward to next year	677.03	708.01

DIVIDEND

In view of loss, Directors do not recommend any dividend for the year.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

OPERATIONS

Performance of all the Divisions are as under :

Marketing Division : Sales and operating income during the year was Rs. 39.99 crores against Rs. 38.60 crores of last year. Several new products launched over last 2 years under the brand name 'Khaitan' have received encouraging response which has enabled this division to earn higher Royalty Income amounting to Rs. 4.39 crores against Rs. 3.80 crores last year.

Sugar Division : As reported earlier, your Directors had taken expansion of Sugar Mill but the erection of 30 Tons Boiler could not be commissioned within the stipulated time. Similarly, there were teething problem in other equipments which had resulted in delayed start of crushing season. As the sugarcane was available, crushing was continued up to 15th April, 2008 despite lower recovery and higher process loss.

During the year under review, cost of other inputs like sulphar, lime, chemicals etc. also increased heavily. Interest cost has also gone up during the year due to borrowings made for Sugar Mill's expansion. Higher cost of production due to low recovery resulted in loss during the year under review.

DIRECTORS' REPORT**INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)**

The crushing operations for the season 2007-08 started on 3rd January, 2008 which was continued for 103 days compared to the last year's 107 days. Performance of the Sugar Division compared to last year was as under :

DETAILS	2007-08	2006-07
Start of Crushing Season	03.01.2008	03.12.2006
Close of Crushing Season	15.04.2008	19.03.2007
Cane Crushed (in lacs Qtls.)	7.18	9.57
Recovery (%)	6.43	8.32
Sugar Production (in Qtls.)	44,675	76,604

Agriculture Division : All agricultural products are nature prone. During the year under review, there was flood twice i.e. in June and October, 2007 which damaged sugarcane extensively. However, supply of sugarcane from captive farms to factory was higher by 4.66% compared to last year.

During the year about 30,000 trees were planted. About 3,15,536 trees out of those planted in last 17 years were standing as on 31.03.2008. Necessary care is being taken to nurture the same to fetch long term benefit.

INDUSTRIAL STRUCTURE

Sugar Division : The Sugar is a cyclical industry governed by climatic variations. Each cycle runs 4 to 6 years. The country's sugar production for the year 2007-08 is estimated to be 27 million tons which is more or less equal to last year's 28.3 million tons and the consumption of sugar is stagnant at 20 million tons. Although the sugar prices in the market increased to an average of Rs. 1,550/- per quintal including excise duty but high input cost has neutralised the increase.

The Central Government has mandated compulsory blending of 5% ethanol with petrol and from October, 2008 the same has increased to 10%. The sugar production for the year 2008-09 is expected to be 220 to 240 million tons. This lower production may make a correction in the market prices of sugar during the sugar season 2008-09. However, if the Central Government put any restriction on export, this may decrease the prices of sugar.

Internal Control Systems : The Company has a well-defined organisational structure, authority levels, guidelines and manuals which provides adequate internal control systems at all levels to conduct business operations efficiently and to safeguard Company's assets. The Company also has adequate budgetary control system and actual performance is monitored by the management consistently.

Human Resources : The Company believes that its employees are a vital resource in the current business environment. The Company is enjoying good and congenial industrial relations at all the Divisions of the Company. As on 31st March, 2008, the total permanent employees were 174 Nos.



DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

Auditors Qualifications: As the Sugar Division is incurring losses and making initial payment of premium of Group Gratuity cum Life Assurance Scheme and Leave Encashment Policy are not feasible and hence your Company is continuing with the system of making payment of Gratuity at the time of retirement of employee.

CURRENT OUTLOOK

Marketing Division : After discontinuing direct marketing operations in most of the States the main focus of the Company under this division is to add more and more products under the brand name 'Khaitan' which will generate regular enhanced royalty income enabling improvement in the overall financial performance for this division.

Sugar Division : Due to the enhanced capacity of Sugar Mill and new equipments installed, your Directors are confident to produce higher quantity and better quality of sugar barring unforeseen circumstances.

Agriculture Division : The only raw material for Sugar Mill is sugarcane but the crop is totally dependant on nature and weather conditions, which is impossible to predict. Timely rain support growth to the standing sugarcane crop.

Risks & Concerns : A higher production will result in higher sugar inventory in the country which will create heavy pressure on Sugar Mill margins, specially factories having small crushing capacities.

Agriculture Division is completely exposed to nature. Heavy or poor rains have adverse impact on the standing Sugarcane crop.

Fixed Deposits : Fixed Deposits from the public and employees accepted by the Company stood at Rs. 15.55 lacs as on 31st March, 2008.

Auditors' Report : The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further explanation.

Directors' Responsibility Statement :

The Board of Directors of your Company confirm :

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed, except AS-15.
2. that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period ;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
4. that the Directors had prepared the annual accounts on a going concern basis.

Corporate Governance Report : A separate report on Corporate Governance is incorporated as a part of the Annual Report and the Auditors' Certificate on compliance under Clause 49 of the Listing Agreement is annexed to the said report.

DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

Directors : Mr. S. K. Todi and Mr. M. K. Jalan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Cost Auditors : In compliance to the Central Government Order, your Board has appointed M/s. Prasad & Co., qualified Cost Accountants to carry out Cost Audit of the Cost Accounts maintained by the Company in respect of Sugar Division. This appointment has to be made at the beginning of each financial year. As such, an application has already been forwarded to the Central Government to renew the appointment for the current financial year.

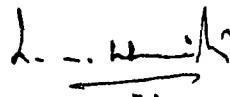
Auditors : M/s. Chaturvedi & Co., Chartered Accountants and Branch Auditors retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Personnel : Particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in a separate annexure attached hereto and forms part of the report.

Other Information : The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the Annexure to the Report.

Acknowledgment : Your Directors place on record their appreciation for the continued co-operation and support extended by the Government of West Bengal, IDBI, Bank of Baroda, Cane Growers, Suppliers, Dealers, Depositors and the Shareholders.

For and on behalf of the Board



S. K. KHAITAN
Chairman

Kolkata
the 30th June, 2008



ANNEXURE TO DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

I. Power and Fuel Consumption

1. Electricity

a) Purchased Units (in lacs)

Total Amount (Rs. in lacs)

Rate per unit (Rs.)

b) Own Generation

i) Through Diesel Generator

Units (in lacs)

Units per litre of Diesel oil

Cost/Unit (Rs.)

ii) Through Steam Turbine/Generator

Units (in lacs)

Units Per Litre of Fuel } Bagasse, being
 Cost per Unit } by-product, is used
 as fuel and hence
 no separate cost to
 the factory

2. Coal

3. Furnace Oil

4. Others/Internal Generation

Quantity of Fire Wood (Metric Tons)

Total Value (Rs. in lacs)

Rate per Unit (Rs.)

II. Consumption per Unit of Production

Product - Sugar (Qtls.)

Electricity (Units/Qtls. of Sugar)

Furnace Oil

Coal

Others

	2007-08	2006-07
a) Purchased Units (in lacs)	6.87	8.85
Total Amount (Rs. in lacs)	30.98	44.53
Rate per unit (Rs.)	4.51	5.03
b) Own Generation		
i) Through Diesel Generator	2.43	7.78
Units (in lacs)		
Units per litre of Diesel oil	3.99	3.24
Cost/Unit (Rs.)	8.34	10.48
ii) Through Steam Turbine/Generator		
Units (in lacs)	6.16	2.72
Units Per Litre of Fuel } Bagasse, being Cost per Unit } by-product, is used as fuel and hence no separate cost to the factory		
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Others/Internal Generation		
Quantity of Fire Wood (Metric Tons)	1,720	2,199
Total Value (Rs. in lacs)	22.42	22.48
Rate per Unit (Rs.)	3.64	8.26
II. Consumption per Unit of Production		
Product - Sugar (Qtls.)	46,890	79,700
Electricity (Units/Qtls. of Sugar)	32.93	24.28
Furnace Oil	N.A.	N.A.
Coal	N.A.	N.A.
Others	N.A.	N.A.

B. TECHNICAL ABSORPTION

I. Research & Development (R & D) :

a) Specific areas which R & D carried-out by the Company :

Development of better varieties of sugarcane and higher productivity per unit of land and in the Plant side for improving quality of sugar as also of fans.

b) Benefits derived as a result of the above R & D :

Improvement in cane yield and in quantity of sugar and fans.

c) Future Plan of Action :

Development of cane in Company's Reserved Area and Captive Farms.

d) Expenditure on R & D : Rs. 1,51,846/-

II. Technology Absorption, Adaptation and Innovation :

The Company is trying to adopt the latest technology for improving productivity/quality and reducing the consumption of raw materials and energy. No technology has been imported.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Expenditure in Foreign Currency:

—

Rs. 6.12 lacs

REPORT ON CORPORATE GOVERNANCE**Company's Philosophy on Corporate Governance**

Corporate Governance is required to create a culture of transparency, disclosures, compliance ethic and conduct, accountability and fairness in its operations for maximizing long-term values of shareholder and enables the company to fulfill its obligation to customers, employees, financiers and to the society in general. The detailed report on Corporate Governance is as per Clause 49 of Listing Agreement is as under :

Board of Directors

The Board of Directors of the Company consists of 9 (Nine) Directors of whom 3 (Three) are Whole-time Directors. During the financial year 2007-08, Board Meetings were held on 30.05.2007; 28.06.2007; 30.07.2007; 30.10.2007; 30.11.2007; 30.01.2008.

The composition of Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

None of the Directors is a member of more than 10 Committees or Chairman more than 5 Committees as specified in Clause 49 across all the Companies in which he is a Director. Necessary disclosure to this effect has been made by the Directors.

The composition of Directors, the attendance at Board Meetings during the year and the last Annual General Meeting number of other Directorships and committee memberships are given below :

Name of Directors	Category	Attendance at Board Meeting	Attendance at Last AGM	Number of Committee Member	Membership in Other Boards	Membership in Other Committee
Mr. S. K. Khaitan	E&WTD	6	No	—	6	—
Mr. Sunil K. Khaitan	VC&NED	5	Yes	—	2	—
Mr. R. S. Goenka	ID&NED	5	Yes	2	16	4
Mr. S. K. Todi	ID&NED	1	No	2	24	5
Mr. M. K. Jalan	ID&NED	2	No	—	14	—
Mr. A. K. Kedia	ID&NED	1	No	—	8	—
Dr. V. K. Rungta	ID&NED	6	No	4	27	—
Mr. S. Bafna	WTD	5	Yes	2	1	—
Mr. P. P. Tibrewal	WTD	5	Yes	2	1	—

Category details : E&WTD – Executive & Whole-time Director ; VC& NED – Vice Chairman & Non Executive Director ; ID & NED – Independent & Non Executive Director and WTD – Whole-time Director.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

This is to inform that the Company has adopted a code of Conduct for its Directors, Officers and employees.

I confirm that the Company has in respect of the financial year ended 31st March, 2008, received from the Senior Management Team of the Company and the Members of the Board, a Declaration of compliances with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management team means the Chief Executive Officer, the Company Secretary and employees in the Executive Vice President cadre as on 31st March, 2008.

Audit Committee

The Committee discharge such duties and functions generally described in Clause 49 of the Listing Agreement with the Stock Exchanges and such functions as specifically delegated to the Committee from time to time by the Board.

4 (Four) Audit Committee Meetings were held on 28.06.2007; 30.07.2007; 30.10.2007 and 30.01.2008 during the period under review.

Members	Meetings Attended
Mr. R. S. Goenka	4
Mr. S. K. Todi	1
Dr. V. K. Rungta	4

Share Transfer Committee

The Share Transfer Committee comprises of Mr. S. K. Khaitan, Mr. Sunil K. Khaitan, Dr. V. K. Rungta, Mr. S. Bafna and Mr. P. P. Tibrewal.

The Committee met 13 (thirteen) times during the period under review.

Shares received for transfer were registered and despatched within 30 days of receipt, if the documents of transfer were correct and valid in all respect.

Shareholders Grievance Committee

4 (Four) Meeting of Shareholders Grievance Committee were held on 18.4.2007; 19.07.2007; 16.10.2007 and 15.01.2008.

Members	Meetings Attended
Dr. V. K. Rungta	4
Mr. S. Bafna	4
Mr. P. P. Tibrewal	4

Remuneration Committee

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Chairman/Whole-time Directors. During the year, the Committee met on 28.01.2008.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Remuneration to Directors : The details of remuneration to the Directors during the period under review is as under : (Amount in Rs.)

Name of Directors	Salary & Perquisites	Meeting Fees	Total
Mr. S. K. Khaitan	32,69,201	—	32,69,201
Mr. Sunil K. Khaitan	—	12,000	12,000
Mr. R. S. Goenka	—	18,000	18,000
Mr. S. K. Todi	—	8,000	8,000
Dr. M. K. Jalan	—	4,000	4,000
Dr. V. K. Rungta	—	22,000	22,000
Mr. A. K. Kedia	—	4,000	4,000
Mr. S. Bafna	8,33,995	—	8,33,995
Mr. P. P. Tibrewal	8,43,789	—	8,43,789

General Body Meetings : Details of last three Annual General Meetings are as follows :

YEAR	LOCATION	DATE	TIME
2006-07	Merchant Chamber of Commerce 15B, Hemant Basu Sarani, Kol-1	21.09.2007	11.30 a.m.
2005-06	Khaitan (India) Limited	04.09.2006	11.30 a.m.
2004-05	46 C, J. L. Nehru Road, Kol-71	03.09.2005	11.30 a.m.

- i) Special Resolutions were passed by show of hands.
- ii) As per Clause 49 VI(A) of Listing Agreement, resume and other information of the Directors retiring by rotation is as under :

Mr. S. K. Todi, aged about 67 years, is an Industrialist having vast experience of business and management. He is a Director of the Company since 1991. His other Directorships are as under : Advance Medicare & Research Institute Ltd.; Bengal NRI Complex Ltd.; Bengal Shrachi Housing Development Ltd.; Bengal Tools Ltd.; Emami Paper Mill Ltd.; Bhaskar Shrachi Alloys Ltd.; South City Kolkata Projects Ltd.; Vinsan Properties (P) Ltd.; Haldia Medicare Pvt. Ltd.; Hardeo finance (P) Ltd.; Murlidhar Ratanlal Exports Ltd.; NSG Estate Services (P) Ltd.; Rosedale Developers (P) Ltd.; Juhi Investment (P) Ltd.; Susrata Clinic & Research Institute for Advanced Medicine (P) Ltd.; Web Development Company Limited; Emami Limited; South City Parivar (P) Ltd.; GNB Logistics Pvt. Ltd.; Magma Shrachi Finance Ltd.; Shrachi Engineering & Industries Ltd.; Bengal Anmol Sout City Infrastructure Limited; Shrachi Realty Pvt. Ltd.; Shrachi Development Pvt. Ltd.; Shrachi Leathertex Ltd.

Mr. M. K. Jalan aged about 60 years is an Industrialist having vast experience of business and management. He is a Director of the Company since 1991. His other Directorships are as under : MKJ Enterprises Ltd.; Keventer Agro Ltd.; Madanlal Limited; Metro Dairy Limited; The Right Address Ltd.; Karan Housing Projects Ltd.; Twenty First Century Securities Ltd.; Bengal NRI Complex Ltd.; Cambridge Construction (Delhi) Ltd.; MKJ Tradex Ltd.; Keventer Projects Ltd.; Keventer Fresh Limited; MKJ Developers Limited; Modular Industrial Infrastructures Limited.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Disclosures

1. There are no transactions of the Company of material nature with Promoters, Directors, Management, Subsidiaries or Relatives etc. which would have potential complaints with the interest of the Company at large.
2. No strictures have been imposed by any regulatory authority as there is no instance of non-compliance of any laws by the Company.

Means of Communications : Quarterly/Annual Financial results are published in the Financial Express and Arthik Lipi. The Management Discussion and Analysis Report (MD & AR) is part of this Report.

General Shareholders Information

- a) **Date, Time and Venue of Next Annual General Meeting :**
Monday, the 22nd September, 2008 at 11.30 a.m.
Merchant Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata 700 001
- b) **Date of Book Closing :** 15th September to 22nd September, 2008 (both days inclusive)
- c) **Information regarding Stock Exchanges where the Shares of the Company are listed :**

The Calcutta Stock Exchange Association Limited
7, Lyons Range, Kolkata 700 001 (Stock Code : 10021024)

The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051 (Stock Code : KHAITAN LTD EQ)

Bombay Stock Exchange Limited
25 P J Towers, Dalal Street, Mumbai 400001
(under permitted securities category)

Listing Fees have been paid for the year 2007-08 to each Exchange.
ISIN No. for the Company's Ordinary Shares in Demat Form is INE 731 CO1018.

Registrar and Share Transfer Agent (For physical as well as for D'mat Segment)

M/s. Maheshwari Datamatics (P) Ltd.,
6, Mangoe Lane, Kolkata 700 001

Share Transfer System

Share Transfers are registered and returned within 30 days of lodgement thereof, if the documents are clear in all respects.

Market Price

(2007-08)

NSC	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.
HIGH	70.00	62.95	60.00	65.00	62.50	54.75	49.80	53.95	57.60	66.55	53.30	46.85
LOW	62.00	60.50	56.00	58.70	55.75	52.90	48.00	51.25	57.60	65.00	52.90	46.85

REPORT ON CORPORATE GOVERNANCE (Contd.)

Distribution of Shareholding as on 31st March, 2008

(a) According to Category of Holding :

Category	Shareholders		Shares	
	Nos.	%	Nos.	%
Promoters Group	29	1.17	24,48,159	51.54
Banks, Financial Institutions	11	0.44	5,444	0.11
Private Corporate Bodies	126	5.09	14,12,570	29.74
Indian Public	2,304	92.98	8,80,438	18.54
NRI	8	0.32	3,389	0.07
Total	2,478	100.00	47,50,000	100.00

(b) According to number of Ordinary Shares held :

Share Holding Pattern	Shareholders		Shares	
	Nos.	%	Nos.	%
Up to 500	2,196	88.62	4,72,093	9.94
501 – 1,000	136	5.49	1,15,303	2.43
1,001 – 2,000	52	2.10	77,559	1.63
2,001 – 3,000	19	0.77	46,497	0.98
3,001 – 4,000	11	0.44	36,490	0.77
4,001 – 5,000	5	0.20	22,315	0.47
5,001 – 10,000	22	0.89	1,66,378	3.50
10,001 – above	37	1.49	38,13,365	80.28
Grand Total	2,478	100.00	47,50,000	100.00

85.51% of the Shares of the Company are in electronic form. Transfer of these shares done through depositories with no involvement of the Company. Regarding transfer of shares in physical form, the transfer documents can be lodged with **M/s. Maheshwari Datamatics (P) Ltd. 6, Mangoe Lane, Kolkata 700 001.**

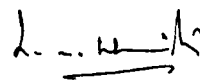
Dematerialisation of Shares and Liquidity

The Shares of the Company are compulsorily traded in dematerialised form and are available for trading under both Depository Systems, National Securities Depository Ltd. & Central Depository Services (India) Ltd. As on 31.03.2008, a total of 40,61,749 Equity Shares of the Company which form 85.51% of the share capital stands dematerialised under the depository system.

Plant Location

Khaitan Nagar, Plassey, Dist. Nadia, West Bengal.

For and on behalf of the Board



S. K. KHAITAN
Chairman

Kolkata
the 30th June, 2008



AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

**To the Members of
Khaitan (India) Limited**

We have reviewed the compliance of conditions of Corporate Governance by Khaitan (India) Limited for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s), with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

60, Bentinck Street
Kolkata 700 069
the 30th June, 2008

For CHATURVEDI & CO.
Chartered Accountants

NILIMA JOSHI
Partner
(Membership No.52122)

AUDITORS' REPORT

TO THE MEMBERS OF KHAITAN (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Khaitan (India) Limited as at 31st March, 2008, and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. The branch audit reports on the accounts of the Branches of the Company audited under Section 228(3)(c) have been forwarded to us and the same have been dealt with in preparing our audit report. In our opinion, proper returns adequate for the purpose of our audit have been received from branch not visited by us.
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the said Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 *except that accruing gratuity/leave encashment is treated on cash basis in Sugar & Agriculture Divisions which is not in accordance with AS-15 issued by ICAI.*



AUDITORS' REPORT (Contd.)

- v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to Note 1(f) regarding valuation of planted trees, Note - 8 regarding unprovided gratuity and leave encashment liability of Rs.79,06,274 and Rs.2,12,000, resulting in over statement of profit and understatement of liabilities to such extent of the notes to Accounts in Schedule N* and read together with other Notes give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
 - b) in the case of the Profit & Loss Account, of the loss for the year ended on that date, and
 - c) in the case of Cash Flow Statement of the cash flow for the year ended on that date.
- vi. *Subject to above* in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- vii. On the basis of written representations received from the Directors, as on 31st March, 2008 and taken on records by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2008 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

For CHATURVEDI & CO.
Chartered Accountants

60, Bentinck Street
Kolkata 700 069
the 30th June, 2008

NILIMA JOSHI
Partner
(Membership No.52122)

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KHAITAN (INDIA) LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008

1.
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - ii) On the basis of information and explanations given to us, we find that Fixed Assets have been physically verified by the management during the year, and there is a regular programme of verification having regard to the size of the Company and the nature of its fixed assets.
 - iii) There was no substantial disposal of fixed assets during the year.
 2.
 - i) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - ii) The procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
 - iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
 3.
 - i) The Company has taken loan from a company covered in the register maintained under Section 301 of the Companies Act. The maximum amount involved during the year was Rs. 7,46,94,742 (including interest) and the year end balance of loans taken from the party is Rs. 7,46,94,742.
 - ii) In our opinion the rate of interest and other terms and condition on which above loans have been taken are not prima facie prejudicial to the interest of the Company.
 - iii) According to the information and explanation given to us, the Principal and interest amount where applicable are repayable on demand.
 - iv) In respect of the said Loans, the same are repayable on demand and therefore the question of overdue amounts does not arise.
 4.
 - i) On the basis of examination of records and according to information and explanations given to us, we report that the Company has not granted any loans, secured or unsecured to/from companies/firms or other parties covered in the register maintained under Section 301 of the Act.
 - ii) In view thereof, the clause pertaining to the overdue amount being more than Rupees one lac is not applicable.
 5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further during the course of our audit no major weakness has been noticed in the internal control systems.
 6.
 - i) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred in Section 301 of the Act have been entered into the register required to be maintained under that Section.
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ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KHAITAN (INDIA) LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

- ii) In our opinion and according to the information and explanations given to us, we report that there are transactions made in persuasion of such contracts or arrangements exceeding the value of Rupees five lacs during the year are reasonable.
7. The Company has accepted deposits from the public. The directives issued by the Reserve Bank of India and the provisions of Section 58 A and 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, wherever applicable have been complied with. Deposit amounting to Rs. 11,00,337 have matured which as per the management has not been claimed.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records. Under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate or complete.
10. i) Undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Excise Duty, Cess, Service Tax TDS and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- ii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which were outstanding at the year end for a period of more than six months from the date they became payable.
- iii) According to the information and explanations given to us, there are no dues of Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute. According to the records of the Company and as per the information and explanations given to us, the dues outstanding of Sales Tax on account of any dispute are as follows :

Name of the Statute	Nature of Dues	Amount Rs.	Forum where dispute is pending
West Bengal Sales Tax Act, 1954	Sales Return Disallowed	11,21,949	West Bengal Sales Tax Tribunal
M.P. Commercial Tax Act, 1994	VAT Difference of Tax	7,17,418	High Court of Indore
M.P. Commercial Tax Act, 1994	—Do—	3,68,145	Commercial Tax Appellate Tribunal, Indore
M.P. Commercial Tax Act, 1994	Non submission of stock statement	6,00,427	Commissioners (Appeal) Indore
Maharashtra Sales Tax Act	Tax & penalty on higher turnover on reassessment	94,87,225	Joint Commissioner & Sales Tax (Appeals), Mumbai

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KHAITAN (INDIA) LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2008 (*Contd.*)

11. The Company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
12. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
13. According to the information and explanations given to us and based on the documents and records produced before us, we report that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, the Company is not a chit fund or a nidhi/mutual fund/society. Therefore, the provisions of Clause 4 (xiii) of Paragraph 4 of the Order are not applicable to the Company.
15. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provisions of Clause 4 (xiv) of Paragraph 4 of the Order are not applicable to the Company.
16. According to the information and explanations given to us, the Company has given guarantee for loans taken by others, from banks or financial institutions.
17. Based on information and explanations given to us by the management, we report that the term loans have been applied for the purpose for which they were raised.
18. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short term basis have been used for long term investments.
19. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
20. According to the information and explanations given to us, during the period covered by our audit report, we report that no debentures have been issued by the Company.
21. The Company has not raised any money through a public issue during the year.
22. Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For CHATURVEDI & CO.
Chartered Accountants

60, Bentinck Street
Kolkata 700 069
the 30th June, 2008

NILIMA JOSHI
Partner
(Membership No. 52122)



BALANCE SHEET

AS AT 31ST MARCH, 2008

	Schedule	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	4,75,00,000	4,75,00,000
Reserves & Surplus	B	64,96,94,108	65,23,22,553
		69,71,94,108	69,98,22,553
Loan Funds			
Secured Loans	C	16,40,19,598	14,03,51,103
Unsecured Loans	D	8,52,52,829	1,96,65,387
		24,92,72,427	16,00,16,490
Deferred Liabilities			
		39,697	4,32,013
		94,65,06,232	86,02,71,056
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	81,52,97,667	65,07,31,512
Less : Depreciation		14,08,22,189	13,12,95,817
Net Block		67,44,75,478	51,94,35,695
Capital Work-in-Progress		2,49,905	1,47,38,820
		67,47,25,383	53,41,74,515
Investments			
	F	16,59,50,244	11,08,42,309
Current Assets, Loans & Advances			
Inventories	G	13,63,83,227	16,63,46,536
Sundry Debtors		20,40,66,128	17,92,26,769
Cash & Bank Balances		1,07,50,557	94,75,399
Loans & Advances		7,17,62,442	7,34,84,245
		42,29,62,354	42,85,32,949
Less: Current Liabilities & Provisions			
Net Current Assets	H	32,91,85,607	22,03,60,427
Deferred Tax Assets		1,20,53,858	70,81,710
		94,65,06,232	86,02,71,056

NOTES ON ACCOUNTS

Schedules form an integral part of the Accounts.
In terms of our Report of even date.

For CHATURVEDI & CO.		SUNIL K. KHAITAN	S. K. KHAITAN
Chartered Accountants		Vice-Chairman	Chairman
60, Bentinck Street	Nilima Joshi	S. BAFNA	R. S. GOENKA
Kolkata 700 069	Partner	Executive Director	S. K. TODI
the 30th June, 2008	B. K. Choraria	P. P. TIBREWAL	V. K. RUNGTA
(Membership No.52122)	Secretary	Finance Director	Directors

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	2007-08 Rs.	2006-07 Rs.
INCOME			
Net Sales and Operating Income	I	51,84,64,982	50,59,39,877
Other Income	J	1,61,20,546	4,08,38,988
Increase/(Decrease) in Stocks	K	(2,16,04,691)	3,89,41,948
		51,29,80,837	58,57,20,813
EXPENDITURE			
Raw Materials		6,18,32,006	10,66,08,323
Purchases		31,29,61,193	32,00,05,912
Packing Materials		15,32,493	25,02,814
Salaries, Wages & Other Benefits	L	2,88,79,869	2,48,36,710
Cultivation, Manufacturing and Other Expenses	M	7,90,46,651	9,22,09,021
Interest		2,61,45,434	73,93,436
		51,03,97,646	55,35,56,216
PROFIT BEFORE DEPRECIATION AND TAX		25,83,191	3,21,64,597
Depreciation		1,04,07,555	89,05,099
PROFIT/(LOSS) BEFORE TAX		(78,24,364)	2,32,59,498
Provision for Fringe Benefit Tax		5,70,000	6,00,000
Provision for Tax		—	16,50,000
PROFIT/(LOSS) AFTER TAX		(83,94,364)	2,10,09,498
Provision for Deferred Tax Assets		49,72,148	33,39,646
		(34,22,216)	2,43,49,144
Prior Period Adjustments			
Income tax for earlier years		—	(66,835)
Prior period expenses		(1,71,990)	(1,06,46,223)
Depreciation written back		4,95,539	—
		(30,98,667)	1,36,36,086
Balance brought forward from last year		7,08,01,433	5,71,65,347
		6,77,02,766	7,08,01,433
APPROPRIATIONS			
Balance carried to Balance Sheet		6,77,02,766	7,08,01,433
		6,77,02,766	7,08,01,433

BASIC/DILUTED EARNINGS PER SHARE (Note 11)	-0.65	2.87
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NOTES ON ACCOUNTS

Schedules form an integral part of the Accounts.
In terms of our Report of even date.

For CHATURVEDI & CO. Chartered Accountants	SUNIL K. KHAITAN Vice-Chairman	S. K. KHAITAN Chairman
60, Bentinck Street Kolkata 700 069	S. BAFNA Executive Director	R. S. GOENKA S. K. TODI
the 30th June, 2008 (Membership No.52122)	B. K. Choraria Secretary	P. P. TIBREWAL Finance Director
		V. K. RUNGTA Directors



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-08 Rs./lacs	2006-07 Rs./lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(78.24)	232.60
Adjustment for :		
Depreciation	104.08	89.05
Interest	261.45	73.93
Interest & Dividend Income	(109.06)	(70.62)
Profit/Loss on Sale of Investments/Fixed Assets	(27.51)	(330.87)
Premium on Forward Exchange Contract	—	3.86
Non Cash Expenditure	2.09	—
Liabilities no longer required, written back	(0.84)	(0.13)
Operating profit before working capital changes	151.97	(2.18)
Adjustments for :		
Other Receivables	96.56	(429.18)
Trade Receivables	(248.39)	117.50
Inventories	299.64	(465.16)
Trade payable	1,121.56	657.44
Cash Generated from Operation	1,421.34	(121.58)
Income Tax paid (net of refunds)	(109.99)	(43.77)
Cash Flow before extraordinary items	1,311.35	(165.35)
Extraordinary Items :		
Income Tax for earlier years	—	(0.67)
Prior period expenses	(1.72)	(106.46)
Net Cash from Operating Activities	1,309.63	(272.48)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	23.90	61.93
Sale of Investments	100.52	991.56
Interest Received	75.44	48.21
Dividend Received	33.62	22.41
Purchase of Fixed Assets	(1,520.17)	(195.01)
Purchase of Investments	(637.38)	(908.00)
Net Cash (Outflow) from Investing Activities	(1,924.07)	21.10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Deferred Liabilities	(3.92)	1.90
Proceeds from Borrowings	968.19	609.72
Repayments of Borrowings	(116.20)	(335.54)
Interest paid	(220.87)	(73.93)
Net Cash Outflow from Investing Activities	627.20	202.15
Net Cash Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	12.76	(49.23)
Cash & Cash Equivalent at beginning of the year	94.75	143.98
Cash & Cash Equivalent at end of the year	107.51	94.75

Notes: 1) Cash and cash equivalents represent cash and bank balances as indicated in Schedule G.
2) Figures in brackets represent outflows.

<p style="text-align: center;">For CHATURVEDI & CO. Chartered Accountants</p> <p>60, Bentinck Street Kolkata 700 069 the 30th June, 2008 (Membership No.52122)</p>	<p style="text-align: center;">Nilima Joshi Partner</p> <p style="text-align: center;">B. K. Choraria Secretary</p>	<p style="text-align: center;">SUNIL K. KHAITAN Vice-Chairman S. BAFNA Executive Director P. P. TIBREWAL Finance Director</p>	<p style="text-align: center;">S. K. KHAITAN Chairman R. S. GOENKA S. K. TODI V. K. RUNGTA Directors</p>
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SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE A
SHARE CAPITAL
Authorised

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
2,47,50,000 Equity Shares of Rs.10/- each	24,75,00,000	24,75,00,000
4,000 6% Income-Tax-Free Cumulative Preference Shares of Rs. 100/- each	4,00,000	4,00,000
21,000 Preference Shares of Rs. 100/- each	21,00,000	21,00,000
	25,00,00,000	25,00,00,000

Issued, Subscribed & Paid-up

* 47,50,000 Equity Shares of Rs.10/- each Fully Paid-up	4,75,00,000	4,75,00,000
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* of the above

45,45,982 Equity Shares are issued as fully paid for consideration other than cash		
1,65,982 Equity Shares are issued as fully paid Bonus Shares by capitalisation of General Reserve		

SCHEDULE B
RESERVES & SURPLUS
Revaluation Reserve (On Revaluation of Fixed Assets)

Balance as per last Balance Sheet	42,26,90,515	42,27,42,115
Less: Adjustment on Sale of Revalued Assets	77,831	—
Less: Prior period adjustment on account of Depreciation	4,95,539	51,600
	42,21,17,145	42,26,90,515

General Reserve

Balance as per last Balance Sheet	15,88,30,605	15,88,30,605
Add : Addition on account of adoption of AS-15 for retirement benefits (refer Note 9 of Schedule N)	10,43,592	—
	15,98,74,197	15,88,30,605

Profit & Loss Account

Balance as per Annexed Account	6,77,02,766	7,08,01,433
	64,96,94,108	65,23,22,553



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE C

SECURED LOANS

From Scheduled Banks

Cash Credit

(Secured by hypothecation of Stocks, Book Debts, Standing Crops, all Moveable Properties and Mortgage of 1,603.21 acres of Company's Agricultural Land and second charge on Fixed Assets of Sugar Division and guarantee of its two Directors, Overdrafts against pledge of Fixed Deposit Receipts)

From Financial Institutions

Term Loan

(From IDBI under Corporate Loan Scheme, Secured by Mortgage of 1997 acres of Company's Agriculture Land)

From Others

Term Loans

Interest accrued and due

(Secured by charge on specified assets and guaranteed by a Director of the Company)

Auto Loans (Secured by vehicles financed)

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
	6,66,35,922	6,40,12,445
	6,45,00,000	4,50,00,000
	1,51,84,589	1,76,84,589
	1,76,99,087	1,36,40,739
	—	13,330
	16,40,19,598	14,03,51,103
	15,55,000	44,95,000
	7,46,94,742	—
	87,86,892	1,49,54,192
	2,16,195	2,16,195
	8,52,52,829	1,96,65,387

SCHEDULE D

UNSECURED LOANS

Fixed Deposits

From Bodies Coporate

Trade Deposits (Long Term)

Interest Accrued and Due

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE E
FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions	Sales/ adjustments	As at 31.03.2008	As at 01.04.2007	For the year	Adjustments for the year	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land (Freehold)	43,09,04,050	—	—	43,09,04,050	—	—	—	—	43,09,04,050	43,09,04,050
Building	5,43,66,678	—	11,52,500	5,32,14,178	1,40,38,397	10,14,062	1,69,074	1,48,83,385	3,83,30,793	4,03,28,281
Plant & Machinery	12,64,61,370	16,59,61,363	7,86,816	29,16,35,917	9,28,45,916	66,63,090	7,08,982	9,88,00,024	19,28,35,893	3,36,15,454
Computer	1,15,94,144	60,401	—	1,16,54,545	63,81,609	16,61,406	—	80,43,015	36,11,530	52,12,534
Electric Installation	8,16,098	—	—	8,16,098	4,50,927	37,200	—	4,88,127	3,27,971	3,65,171
Implements & Carts	85,71,038	—	—	85,71,038	82,70,052	47,765	—	83,17,817	2,53,221	3,00,985
Vehicles	48,21,039	3,47,114	—	51,68,153	24,24,485	3,91,977	—	28,16,462	23,51,691	23,96,553
Furniture & Fixtures	92,12,038	1,36,676	83	93,48,631	45,78,870	5,26,309	—	51,02,054	42,46,577	46,33,169
Irrigation Equipments	38,65,980	—	—	38,65,980	22,02,926	62,141	—	22,65,067	16,00,913	16,63,054
Ferry Rights	1,098	—	—	1,098	—	—	—	—	1,098	1,098
Laboratory Equipments	1,17,979	—	—	1,17,979	1,02,633	3,605	—	1,06,238	11,741	15,346
TOTAL	65,07,31,512	16,65,05,554	19,39,399	81,52,97,667	13,12,95,815	1,04,07,555	8,78,056	14,08,22,189	67,44,75,478	51,94,35,695
Previous Year	68,12,77,977	2,68,04,789	5,73,51,254	65,07,31,512	12,66,57,141	89,05,099	42,66,423	13,12,95,817	51,94,35,695	

Note :

Gross Block includes Rs. 51,30,21,623/- being the amount added on revaluation by an Approved Valuer of some of the Fixed Assets of the Company as on 31.03.1994.



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE F

INVESTMENTS (AT COST) LONG TERM-OTHERS

AS AT 31.03.2007 Nos.	AS AT 31.03.2008 Nos.	Face Value Rs.	Description	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
			1. Government Securities		
			National Defence/Savings Certificates	7,100	7,100
2	2	1,00,000	12.50% Maharashtra State Road Develop. Corp.	2,30,000	2,30,000
4	4	1,00,000	11.00% Maharashtra Krishna Valley Develop. Corp.	4,18,200	4,18,200
3	3	1,00,000	11.50% Maharashtra Krishna Valley Develop. Corp.	3,04,500	3,04,500
			2. Equity Shares (Fully Paid) Held in :		
			Quoted :		
12,59,502	17,20,752	10	Khaitan Electricals Limited	8,23,76,331	1,86,38,396
			Unquoted :		
24,300	24,300	10	Naturewealth Development Corpn. Limited	2,43,000	2,43,000
59,980	44,980	10	The Oriental Mercantile Company Limited	14,01,113	23,01,113
13,25,000	12,94,000	10	Khaitan Lefin Ltd.	7,76,40,000	7,95,00,000
50,000	—	10	Pragya Mercantiles P. Ltd.	—	50,00,000
70,000	55,500	10	Khaitan Hotels P. Ltd.	33,30,000	42,00,000
				16,59,50,244	11,08,42,309
			Aggregate Value of :		
			Quoted Investments	8,23,76,331	1,86,38,396
			Unquoted Investments	8,26,14,113	9,12,44,113
			Market Value of Quoted Investments	10,59,12,286	13,40,11,013

Notes :

1. National Defence/Saving Certificates are deposited with various Government Departments as Security.
2. The following Investments were purchased and sold during the year :

Description	Purchased (Nos.)	Sold (Nos.)
1. Equity Shares		
Khaitan Electricals Limited	4,61,250	—
Khaitan Lefin Limited	—	31,000
The Oriental Mercantile Company Limited	—	15,000
Pragya Mercantiles P. Ltd.	—	50,000
Khaitan Hotels P. Ltd.	—	14,500

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE G
CURRENT ASSETS, LOANS AND ADVANCES
A. Current Assets
Inventories (As Certified by the Management)

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
Stores, Spares and Others	1,03,61,523	1,49,91,524
Finished Goods		
Sugar & Molasses	3,62,90,747	5,41,91,182
Electrical Fans	1,71,67,262	2,30,17,092
Stock in Process		
Sugar	—	33,39,822
Planted Trees	6,22,24,225	6,10,93,968
Standing Sugarcane Crop	1,03,39,470	97,12,948
	13,63,83,227	16,63,46,536

Sundry Debtors (Unsecured)

Due for over six months		
Considered Good	74,56,888	95,47,404
Considered Doubtful	11,84,641	11,84,641
Less : Provision for Doubtful Debts	(11,84,641)	(11,84,641)
Other Debts (Considered Good)	19,66,09,240	16,96,79,365
	20,40,66,128	17,92,26,769

Cash and Bank Balances

Cash and Cheques in hand	35,55,528	34,36,949
With Scheduled Banks		
In Current Accounts	29,65,000	20,53,408
In Fixed Deposits*	42,30,029	39,85,042

*Receipts pledged with Banks as Security

1,07,50,557	94,75,399
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B. Loans & Advances (Unsecured Considered Good)

Advances recoverable in cash/kind or for value to be received (Considered Good)	3,12,37,014	3,33,59,234
Compensation and Other Claims	18,81,453	18,81,453
Security Deposits	7,90,106	11,05,243
Income-tax Advance/Refund Due	1,31,33,154	60,34,116
Gratuity/Leave Encashment Fund (Fund with LIC)	13,64,589	—
Other Advances	2,33,56,126	3,11,04,199
	7,17,62,442	7,34,84,245
	42,29,62,354	42,85,32,949



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE H

CURRENT LIABILITIES

Sundry Creditors
Deposits & Advances

PROVISIONS

Provision for Income Tax

* Dues to SSI Units Rs. Nil

As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
32,18,63,969	21,08,66,731
67,51,638	55,93,696
32,86,15,607	21,64,60,427
5,70,000	39,00,000
32,91,85,607	22,03,60,427

SCHEDULE I

SALES AND OPERATING INCOME

Sales/Transfer
Less: Excise Duty on Sales
Net Sales/Transfer
Sale of Crops (Other than Sugarcane)
Royalty (TDS Rs.17,01,277 Previous Year Nil)
Commission Received
(TDS Rs. 9,560 Previous Year Rs. 84,554)

2007-08 Rs.	2006-07 Rs.
48,11,23,514	47,28,34,485
75,51,505	58,01,540
47,35,72,009	46,70,32,945
8,47,552	7,86,504
4,39,17,066	3,79,50,031
1,28,355	1,70,397
51,84,64,982	50,59,39,877

SCHEDULE J

OTHER INCOME

Interest (TDS Rs.11,07,549 Previous Year Rs. 3,50,536)
Profit on Sale of Investments/Fixed Assets
Dividend (From other investments)
Rent
Liabilities no longer required written back (Net)
Miscellaneous Income

75,44,444	48,21,097
27,51,201	3,30,87,562
33,62,011	22,40,973
19,85,825	—
84,180	13,228
3,92,885	6,76,128
1,61,20,546	4,08,38,988

SCHEDULE K

INCREASE/(DECREASE) IN STOCK

Closing Stock Finished Goods
Stock-in-Process

Less : Opening Stock Finished Goods
Stock-in-Process

Increase/(Decrease) in Stocks

Less: Excise Duty on Finished Goods

4,93,71,326	7,72,08,274
6,89,36,960	6,44,33,790
11,83,08,286	14,16,42,064
7,72,08,274	3,51,95,832
6,44,33,790	6,36,05,475
14,16,42,064	9,88,01,307
(2,33,33,778)	4,28,40,757
17,29,087	(38,98,809)
(2,16,04,691)	3,89,41,948

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE L
SALARIES, WAGES & OTHER BENEFITS

	2007-08 Rs.	2006-07 Rs.
Salaries, Wages, Bonus & Allowances	2,09,45,492	1,89,19,826
Contribution to Provident and Other Funds	18,93,051	20,58,151
Directors' Remuneration	49,46,985	28,47,637
Employees' Welfare Expenses	10,94,341	10,11,096
	2,88,79,869	2,48,36,710

SCHEDULE M
CULTIVATION, MANUFACTURING & OTHER EXPENSES

Stores and Spare Parts Consumed	1,24,27,167	1,18,75,507
Power and Fuel	1,26,66,925	1,69,20,397
Sugarcane Seeds	40,01,465	45,33,617
Crop Protection Charges	8,31,156	6,75,400
Agricultural Operation Charges	85,02,832	1,15,76,571
Cane Development Expenses	37,768	1,40,449
Research & Development	1,51,846	2,41,250
Repairs & Maintenance to :		
Buildings	7,33,177	3,63,757
Plant & Machinery	85,61,409	82,96,695
Others	24,40,206	22,85,175
Rent	9,43,546	8,96,675
Insurance Charges	1,96,927	2,76,427
Rates and Taxes	3,13,669	1,63,601
Legal Charges	5,11,735	13,39,166
Publicity & Sales Promotion	1,04,06,315	1,63,16,795
Directors' Fees	68,000	78,000
Commission	8,20,231	9,87,110
Brokerage on Sale of Sugar	1,26,824	1,39,558
Packing & Forwarding Expenses	24,59,035	21,56,022
Cash Discount	9,59,858	8,63,231
Bank Charges	9,08,959	10,25,357
Travelling Expenses	52,75,590	45,32,176
Auditors' Remuneration	84,360	94,734
Sales Tax	64,750	—
Miscellaneous Expenses	55,53,901	64,31,351
	7,90,46,651	9,22,09,021



SCHEDULE N

NOTES ON ACCOUNTS

1. Significant Accounting Policies :

- a) The Financial Statements are prepared in accordance with generally accepted accounting principles and as per the requirements of the Companies Act, 1956.
- b) The accrual basis of accounting is followed unless otherwise stated.
- c) Fixed Assets (excluding Revalued Assets) are stated at cost including cost of installation and other incidental expenses.
- d) Depreciation on Fixed Assets, acquired after 31.08.1970 has been calculated on Straight Line Method under Section 205 (2)(b) of the Companies Act, 1956 while other assets have been depreciated on Written Down Value Method under Section 205(2)(a) of the said Act.
- e) Investments are stated at cost. Temporary diminution in the value of investments have not been provided for as they are long term in nature.
- f) Inventories are valued on FIFO basis, as under :
 - i) Stores, Spares & Others : At cost exclusive of CENVAT receivable.
 - ii) Finished Goods : At lower of cost or market value.
 - iii) Stock-in-Process :
 - Sugar and Molasses : at lower of estimated cost or realisable value.
 - Planted Trees, having maturity of above 18 months, are taken at estimated realisable value.
- g) The liability for Gratuity and leave encashment is not provided for and actual liability is accounted for in the year of retirement of employees, except for the employees of the Marketing Division for which annual contribution is made to the Life Insurance Corporation of India under its Group Gratuity-cum-Life Assurance Scheme/Group Leave Encashment Scheme.
- h) Sales are shown inclusive of excise duty and sales tax, but net of returns, trade discounts and incentives. In case of sales to Government Departments, price escalations are accounted for as and when confirmed.
- i) Foreign Exchange Transactions :
 - i) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit & Loss Account. Foreign currency monetary items at the year-end are reported at the year-end exchange rate, and the resultant exchange difference is recognised in the Profit & Loss Account.
 - ii) In respect of transactions covered by Forward Exchange Contracts, the difference between the contract rate and spot rate on the date of transaction is amortised over the life of contract.
- j) The expenses incurred on Sugarcane and on Trees are accumulated under the caption 'Standing Sugarcane' and 'Planted Trees' (excluding Planted Trees having maturity of over 18 months) respectively and charged to Profit & Loss Account in the year of harvesting.
- k) Excise Duty, under expenditure, represents payments made/to be made during the year on goods cleared/to be cleared.
- l) Taxation : Provision for tax is made on the taxable income for the year in accordance with the applicable provisions of the Income Tax Act, 1961. Deferred tax is recognised subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- m) Contingent Liabilities are not accounted for in the books of accounts.
- n) Payment for services where service tax is charged and credit for the same is taken is accounted net of service tax.

SCHEDULE N (Contd.)

2. Rs. 13,507/- received in earlier years as part compensation for 1,793.78 acres of tenanted land taken over by the State Government under West Bengal Estate Acquisition Act.

3. Contingent Liabilities, not provided for, in respect of :

	2007-08 Rs.	2006-07 Rs.
a) Guarantees/Sureties given by the Company for its Business Associates.	30,50,000	30,50,000
b) Counter Guarantee against Guarantees given by the bank to various authorities	20,74,198	20,74,198
c) Estimated liabilities for Sales Tax relating to earlier years	1,24,54,372	29,67,147
d) Income Tax matters of earlier years (under appeals)	58,44,032	16,91,026

4. Estimated amount of contracts remaining to be executed on capital account and not provided for amounts of Rs. NIL net of advances (Previous year Rs. 197.30 Lacs).

5. Payment of interest on Term Loan amounts to Rs. 20,60,577/- (Previous Year Rs. 10,87,209/-).

6. Cane Advances given to parties are considered good and recoverable by the management.

7. a) Sundry Debtors of Agriculture Division includes Rs. 5,12,840/- (Previous Year Rs. 6,12,839/- which are old dues and considered good by the management.

b) Debtors and Creditors balances as at the year end are subject to confirmation.

8. Unprovided gratuity liability in respect of Sugar & Agriculture Divisions as per actuarial valuation not ascertained as on 31.03.08. However, liability upto 31.03.2007 amounts to Rs. 79,06,274/- (Previous Year Rs. 76,02,946/-). Leave Encasment Liability unprovided as on 31.03.2008 Rs. 2,12,000/- (Previous Year Rs. 2,23,000/-).

9. The Company has with effect from 1st April, 2007 adopted Accounting Standard -15 "Employee Benefits" issued by the Institute of Chartered Accountants of India for its Marketing Division. Pursuant to adoption of the AS, an amount of Rs. 10,43,592/- arising as excess value of assets over obligation as on 1st April, 2007 has been credited to General Reserve in keeping with the transitional provision of the AS. As a result of this change the charge to profit & loss account on account of employee benefit is lower by Rs. 3,20,997/- with corresponding effect on the profit for the year.

Disclosure of employee benefits in respect of the same is as under:

a) **Defined Contribution Plan :**

Employee benefits in the form of Provident Fund, Employee State Insurance Scheme, Pension Scheme and Labour Welfare Fund are considered as defined contribution plan. The contribution to defined contribution plan, recognised as expense for the year is as under :

Defined Contribution Plan	Amount (Rs.)
Employers' Contribution to Provident Fund	1,40,158
Employers' Contribution to Employee State Insurance Scheme	4,040



SCHEDULE N (Contd.)

- b) **Defined Benefit Plan** : Post employment and other long-term employee benefits in the form of gratuity and leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognised in the Balance Sheet represent the present value of the obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets. Any assets resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount recognised in the Profit and Loss Account for the year ended 31st March, 2008 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2008 is as follows :

- c) **Expenses recognised during year** (Amount in Rs.)

Particulars	Gratuity (Funded)	Leave Encashment (Funded)
1. Current Service Cost	40,266	29,897
2. Interest Cost	82,001	20,723
3. Expected Return on Plan Assets	1,64,728	45,115
4. Net actuarial (gain) / Loss recognised in the year	1,91,952	53,592
5. Expenses recognised during the year	1,49,491	59,097

- d) **Change in Present Value of Defined Benefit Obligation :**

1. Present Value of Defined Benefit Obligation at the beginning of the year	10,25,008	2,76,313
2. Interest Cost	82,001	20,723
3. Current Service Cost	40,266	29,897
4. Benefits Paid	—	—
5. Actuarial Gain (Losses)	1,91,952	53,592
6. Present Value of Obligation at the end of the year	13,39,227	3,80,525

- e) **Change in Fair Value of Plan Assets during the year ended 31st March, 2008 :**

1. Plan Assets at the beginning of the year	18,27,578	5,17,335
2. Expected Return on Plan Assets	1,64,728	45,115
3. Actual Company Contribution	5,05,000	24,585
4. Actual Benefits Paid	—	—
5. Actuarial Gains (Losses)	—	—
6. Plan Assets at the end of the year	24,97,306	5,87,035

SCHEDULE N (Contd.)

f) Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2008 :

Particulars	Gratuity (Funded)	Leave Encashment (Funded)
1. Present Value of Defined Benefit Obligation	13,39,227	3,80,525
2. Fair Value on Plan Assets	24,97,306	5,87,035
3. Funded Status [(Surplus)/(deficit)]	11,58,079	2,06,510
4. Net Asset/(Liability) recognised in Balance Sheet	11,58,079	2,06,510

g) Actuarial Assumptions :

Particulars	(%)	(%)
1. Discount Rate (per annum)	8%	8%
2. Salary Increases	3%	3%
3. Retirement/ superannuation age	58	58

h) Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2008:

Particulars	(%)	(%)
1. Administered by Life Insurance Corporation of India.	100%	100%

i) Basis of estimates of rate of escalation in salary.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

j) The Expenses have been recognised in "Contribution to Provident & Other Funds" in "Salaries/ Wages and Bonus" Schedule.

k) As this is the first year of adoption of Accounting Standard 15 (revised 2005) on Employee Benefits, only the current year's figures have been given.

10. There are no Micro, Small, Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.



SCHEDULE N (Contd.)

11. Quantitative and other information (As Certified by the Management) pursuant to Schedule VI of the Companies Act, 1956.

PRODUCTION, PURCHASES, SALES & STOCKS	UNIT	2007-08		2006-07	
		Quantity	Rs.	Quantity	Rs.
A) Licensed Capacity		2,500 TCD		2,500 TCD	
Installed Capacity (Tons of Cane crushed per Day)		1,500 TCD		1,200 TCD	
B) Production					
Sugar	(M.T.)	4,082		7,660	
Molasses	(M.T.)	2,572		4,126	
Sugarcane	(M.T.)	25,832		20,587	
C) Opening Stock					
Sugar	(M.T.)	3,521	4,88,40,205	609	1,20,06,180
Molasses	(M.T.)	1,770	53,50,977	30	1,12,536
Fans	(Nos.)	16,784	1,48,63,217	13,190	1,06,98,382
P. D. Pumps	(Nos.)	1,172	3,09,707	723	2,96,031
Monoblock Pumps	(Nos.)	727	16,23,641	1,233	23,23,043
Lighting Products	(Nos.)	47,028	31,62,853	82,372	43,33,225
MCB'S		15,536	9,16,036	21,232	18,73,783
Wire		1,220	8,58,924	4,230	23,47,173
Others			12,82,714	—	12,05,479
Stock-in-Process :					
Sugar	(M.T.)	263	33,39,822	147	25,56,216
Others			6,10,93,968		6,10,49,259
			14,16,42,064		9,88,01,307
D) Purchases*					
Fans	(Nos.)	2,32,803	19,83,95,257	2,56,923	22,44,91,593
P. D. Pumps	(Nos.)	18,896	26,61,573	9,541	13,51,997
Monoblock Pumps	(Nos.)	21,700	4,78,85,515	18,743	3,70,76,856
Lighting Products	(Nos.)	3,65,390	3,00,18,227	3,42,378	2,45,90,030
MCB'S	(Nos.)	2,06,747	28,15,098	2,87,004	28,78,239
Wire	(Coils)	21,419	77,75,018	27,630	2,01,58,435
Others			2,34,10,505	—	94,58,762
			31,29,61,193		32,00,05,912
E) Sales/Transfer*					
Sugar	(M.T.)	5,488	7,83,34,211	4,748	7,66,35,877
Sugarcane	(M.T.)	22,852	2,08,81,731	20,587	2,15,40,353
Molasses	(M.T.)	3,498	1,06,53,434	2,387	86,71,902
Fans	(Nos.)	2,43,302	22,74,32,686	2,53,329	23,93,69,953
P. D. Pumps	(Nos.)	14,385	30,08,252	9,092	18,35,301
Monoblock Pumps	(Nos.)	22,006	5,42,88,771	19,249	4,10,31,011
Lighting Products	(Nos.)	3,61,317	3,26,71,508	3,77,722	2,59,40,643
MCB'S	(Nos.)	2,13,389	36,81,046	2,92,700	43,59,754
Wire	(Coils)	22,457	85,34,941	30,640	2,18,67,846
Others			4,16,36,934		3,15,81,845
			48,11,23,514		47,28,34,485

SCHEDULE N (Contd.)

PRODUCTION, PURCHASES, SALES & STOCKS	UNIT	2007-08		2006-07	
		Quantity	Rs.	Quantity	Rs.
F) Closing Stock					
Sugar	(M.T.)	2,114	3,32,21,585	3,521	4,88,40,205
Sugarcane	(M.T.)	2,980	29,76,010	—	—
Molasses	(M.T.)	844	30,69,162	1,770	53,50,977
Fans	(Nos.)	6,333	63,63,558	16,784	1,48,63,217
P. D. Pumps	(Nos.)	5,892	13,75,201	1,172	3,09,707
Monoblock Pumps	(Nos.)	421	13,12,346	727	16,23,641
Lighting Products	(Nos.)	51,101	23,95,304	47,028	31,62,853
MCB'S	(Nos.)	8,894	5,03,586	15,536	9,16,036
Wire	(Coils)	182	2,91,958	1,220	8,58,924
Others			8,38,626	—	12,82,714
Stock-in-Process :					
Sugar	(M.T.)	288	40,86,683	263	33,39,822
Others*			6,18,74,267		6,10,93,968
			11,83,08,286		14,16,42,064

* Excluding the cost of Planted Trees representing expenses incurred as referred under Note 1 (i) herein above.

12. Directors' and Auditors' Remuneration

	2007-08 Rs.	2006-07 Rs.
a) Directors' Remuneration :		
Remuneration **	32,16,000	19,68,000
Contribution to Provident Fund & others	9,720	1,00,608
Perquisites	17,30,985	14,39,029
	49,56,705	35,07,637
b) Auditors' Remuneration :		
Statutory Auditors : *		
As Audit Fees	39,124	39,284
As Tax Audit Fees	11,236	11,224
For Certificate etc.	20,882	41,791
For Other Services	5,618	5,612
Branch Auditors :		
As Audit Fees	5,000	5,612
For Expenses	2,500	2,806
	84,360	1,06,329

* [Including Service Tax of Rs. 11,595/- (Previous Year Rs. 8,007/-)].

** No Commission is payable to Directors for the year.



SCHEDULE N (Contd.)

13. Earnings Per Share (EPS)

- a) Net Profit after tax available for Equity Shareholders (Rs.)
- b) Number of Equity Shares of Rs. 10/- each
- c) Basic and Diluted Earnings Per Share (Rs.)

2007- 08	2006 -07
-30,98,667	1,36,36,086
47,50,000	47,50,000
-0.65	2.87

14. Deferred Tax

- a) Deferred tax has been provided by the Company in accordance with Accounting Standard 22, 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.
- b) The break-up of net deferred tax asset is as under :

Deferred Tax Assets

On Brought Forward Business Loss under Income Tax

Deferred Tax Liabilities

On difference between written down value of assets as per books and income tax

Net Deferred Tax (Liabilities)/Assets as at the year end

Liability/(Asset) for the year

As at 31.03.08 Rs.	As at 31.03.07 Rs.
1,32,96,089	96,60,525
12,42,231	25,78,816
1,20,53,858	70,81,709
49,72,148	33,39,646

15. Expenditure in Foreign Currency

Interest to Bank — 6,12,000

SCHEDULE N (Contd.)
16. Segment Reporting

As required under Accounting Standard 17 on Segment Reporting by the Institute of Chartered Accountants of India, the informations on revenue, profit, assets and liabilities relating to business segments of the Company are given below :

Particulars	Marketing Division		Sugar Division		Agriculture Division		Unallocated Corp.		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
	REVENUE									
Sales & Operating Income	3,999.93	3,859.70	814.36	7,95.98	370.34	403.72	—	—	5,184.63	5,059.40
Other Income	83.54	46.79	7.45	2.31	2.04	4.64	68.15	354.65	161.18	408.39
Increase/(Decrease) in Stock	(99.36)	(0.60)	(154.24)	389.57	37.56	0.45	—	—	(216.04)	389.42
TOTAL REVENUE	3,984.11	3,905.89	667.57	1,187.86	409.94	408.81	68.15	354.65	5,129.77	5,857.21
RESULTS										
PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION	568.66	331.35	(417.80)	(348.66)	121.87	89.46	14.54	323.43	287.27	395.58
Less :										
a) Depreciation	22.96	(23.54)	68.26	(57.45)	2.41	(2.88)	5.47	(5.18)	99.10	(89.05)
b) Interest	121.52	(4.47)	108.87	(44.13)	31.05	(25.33)	—	—	261.44	(73.93)
TOTAL PROFIT BEFORE TAX	424.18	303.34	(594.93)	(450.24)	88.41	61.25	9.07	318.25	(73.27)	232.60
Less :										
a) Provision for Taxation	5.70	22.50	—	—	—	—	—	—	5.70	(2.50)
b) Provision for Deferred Tax	0.00	—	1.71	—	—	—	(49.72)	(33.39)	(48.01)	33.39
PROFIT AFTER TAX	418.48	280.84	(596.64)	—	—	—	58.79	351.64	(30.96)	263.49
CAPITAL EMPLOYED										
Segment Assets	322.18	1,028.08	1,800.76	830.59	1,051.17	1,032.82	1,949.22	1,413.49	5,123.33	4,304.98
Segment Liabilities	325.40	418.43	1,942.93	1,056.42	224.77	129.63	—	—	2,493.10	1,604.48
TOTAL CAPITAL EMPLOYED	(3.22)	609.65	(142.17)	(225.83)	826.40	903.19	1,949.22	1,413.49	2,630.23	2,700.50
NON-CASH EXPENSES										
Other than Depreciation	0.00	3.23	—	—	—	—	—	—	—	3.23

Sales & Operating Income of Agriculture Division includes inter segment turnover Rs. 175.59 lacs (Previous Year Rs. 232.97 lacs)

17. Related Party Disclosure :
a) Names of related parties :

i) Whole-time Directors:	Relative	Relationship
Mr. S. K. Khaitan, Chairman	Mr. Sunil K. Khaitan Vice-Chairman	Son
Mr. S. Bafna, Executive Director	Mrs. Madhu Bafna	Spouse
Mr. P. P. Tibrewal, Finance Director		
ii) Associates :		
Khaitan Electricals Limited		
Khaitan Lefin Limited		



SCHEDULE N (Contd.)

Related Party Disclosure : (Contd.)

b) Transactions with related parties :

(Rs. in lacs)

Nature of Transactions	Key Management Personnel & Relatives (A)		Associates (B)		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Remuneration	32.16	28.78	—	—	32.16	28.78
Sitting Fees	0.12	0.10	—	—	0.12	0.10
Residential accommodation	2.16	2.16	4.74	4.74	6.90	6.90
Purchase of goods	—	—	3,791.59	3,200.08	3,791.59	3,200.08
Royalty received	—	—	439.17	376.83	439.17	376.83
Sale of Fixed Assets	18.51	—	—	—	18.51	—
Commission received	—	—	1.28	1.70	1.28	1.70
Lease rent paid	—	—	0.63	0.63	0.63	0.63

c) Name of related party, description of relationship and outstanding as on 31st March, 2008.

Related Party	Relationship	Balance as on 31st March, 2008 (Rs. / lacs)
Khaitan Electricals Limited	Associates	1,470.93

d) The significant transactions during the year with the related parties are as under :

(Rs. in lacs)

a. Khaitan Electricals Limited (B)	Purchase of goods	3,791.59
	Royalty received	439.17
	Commission received	1.28
	Lease rent paid	0.63
b. Khaitan Lefin Limited (B) Mrs. Madhu Bafna	Residential Accommodation	4.74
	Residential Accommodation	2.16
c. Mr. S. K. Khaitan (A) Mr. S. Bafna (A) Mr. P. P. Tibrewal (A)	Remuneration	32.69
	Remuneration	8.33
	Remuneration	8.43
	Sale of Fixed Assets	18.51

e) In respect of above parties, no amount has been provided as doubtful debts or advances written off or written back during the year against debts due from/to them.

18. Previous year figures have been regrouped/rearranged wherever necessary.

SCHEDULE N (Contd.)**19. Statement Pursuant to Part IV of the Companies Act, 1956****Balance Sheet Abstract and Company's General Business Profile**

A) Registration Details :

i) Registration No.	:	8775
ii) State Code No.	:	21
iii) Balance Sheet Date	:	31.03.2008

B) Capital Raised During the Year (Rs. in Thousands): Nil

C) Position of Mobilisation and Deployment of Funds (Rs. in Thousands) :

Total Liabilities	9,46,506	Total Assets	9,46,506
Sources of Funds :		Application of Funds :	
Paid-up Capital	47,500	Fixed Assets (Net)	6,74,725
Reserves & Surplus	6,49,694	Investments	1,65,950
Secured Loans	1,64,019	Net Current Assets	93,776
Unsecured Loans	85,253	Deferred Tax Assets	12,053
Deferred Liabilities	40		

D) Performance of Company (Rs. in Thousands) :

Turnover	5,12,981	Total Expenditure	5,20,805
Profit/(Loss) before Tax	(7,824)	Profit after Tax	(8,394)
Earning per Share :		Dividend Rate %	Nil
Basic and Diluted in Rs.	-0.65		

E) Generic Names of three Principal Products/Services of Company :

(As per monetary Terms)

i) Item Code No	:	841451.02	ii) Item Code No.	:	170199.99
Product Description	:	Electrical Fans	Product Description	:	Sugar
iii) Item Code No.	:	N.A.			
Product Description	:	Sugarcane			

Signatures to Schedules 'A' to 'N'

60, Bentinck Street Kolkata 700 069 the 30th June, 2008 (Membership No.52122)	For CHATURVEDI & CO.	SUNIL K. KHAITAN	S. K. KHAITAN
	Chartered Accountants	Vice-Chairman	Chairman
	Nilima Joshi	S. BAFNA	R. S. GOENKA
	Partner	Executive Director	S. K. TODI
	B. K. Choraria	P. P. TIBREWAL	V. K. RUNGTA
Secretary	Finance Director	Directors	

khaitan (India) Limited

Registered Office : 'Everest', 46-C, J. L. Nehru Road, Kolkata 700 071

PROXY FORM

I/we of
.....being a member(s) of **Khaitan (India) Limited** hereby ap-
point.....
.....of.....
or failing him/her.....of.....
as my / our proxy to vote for me/us on my/our behalf at the Seventy first Annual General Meeting of the Company
to be held on Monday, the 22nd September, 2008 at 11.30 a.m. at Merchant Chamber of Commerce, 15B,
Hemant Basu Sarani, Kolkata 700 001 and at any adjournment thereof.
As witness my/our hand(s) this day of 2008

Affix
Re. 1
Revenue
Stamp

Signed by the.....

Folio No.....No. of Shares held.....

Note : The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the
time for holding of the aforesaid meeting.

khaitan (India) Limited

Registered Office : 'Everest', 46-C, J. L. Nehru Road, Kolkata 700 071

ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)



I hereby record my presence at the Seventy first Annual General Meeting of the Company to be held at
Merchant Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata 700 001 on Monday, the 22nd September,
2008 at 11.30 a.m.

Name of the Shareholder.....
(in block letters)


Folio No.....No. of Shares held.....

Signature of the Shareholder/Proxy

Note : Only Shareholders of the Company or their Proxies will attend the meeting.

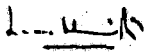


Special Discount Cheque




To,
Any Khaitan Dealer
Please supply..... *upto 2 (two)* No(s) of Khaitan product(s)
of any model/type/size to the bearer of this cheque at special discount,
against cash.

Valid upto 31st March, 2009


Signature

HIL/95/98980

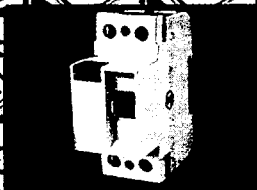
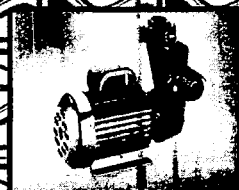
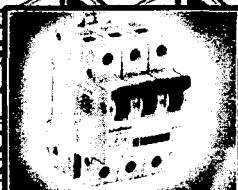
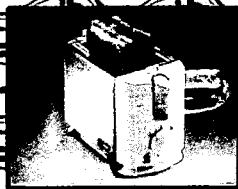
Please contact any place mentioned overleaf



KHAITAN SALES & SERVICE CENTRE

Address	Phone	Address	Phone
Mahakant Complex, Opp. V. S. Hospital Ashram Road, Ahmedabad 380 006	3007 2677 2657 5239	Roshanlal Compound, 178/1, Pathar Mundla Road, Paida, Indore 452 020	286 2205 309 6882
Manish Towers, Flat No. D-5, 3rd Floor 84, J. C. Road, Bangalore 560 002	4124 9961/2	10, Gopinath Marg, New Colony Jaipur 302 001	236 7064
Plot No. 77, Industrial Area, Phase - I Chandigarh 160 002	507 6896	Clinic Building, 1st Floor 24/56, Birhana Road, Kanpur 208 001	235 3514 236 9009
Apex Chamber, 2nd Floor 20/18, Sir Thiagaraja Road, T. Nagar Chennai 600 017	2435 5933/4 2814 0208	Vallathole Junction, Door No. VI/809B, Sea Port Air Port Rd, Near Suburban Club Thrikkakara, P.O.Ernakulam, Kochi 682 021	0484 576737 0484 576738
Jobra Road; Behind Apex Diagnostic Centre Cuttack 753 003	234 8281	Poddar Court (Basement) 18, Rabindra Sarani, Kolkata 700 001	2210 3331 2225 3676/7
1/23B, Asaf Ali Road, New Delhi 110 002	30481009	'Khaitan Chamber' 143/145, Modi Street, Fort, Mumbai 400 001	66102464
Udyog Vikash Bhawan G.S.Road, Bhangaghar, Guwahati 781 005	252 9794 245 8650	1/23B, Asaf Ali Road, New Delhi 110 002	30481006
A-13, Co-operative Industrial Estate Balanagar, Hyderabad 500 037	85170666	1st Floor, Sri Ram Bhawan, Exhibition Road, Patna 800 001	2322801

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