

# Annual Report

2008 - 09

**Certified to be True Copy**  
**For KHAITAN (INDIA) LTD.**

  
Executive Director

**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

### **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, 4012 1000  
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) 244244

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## NOTICE

### TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy Second Annual General Meeting of Khaitan (India) Limited will be held on Tuesday the 22nd September, 2009 at Merchant Chamber of Commerce, 15-B, Hemant Basu Sarani, Kolkata-700001 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, 2009 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. A.K. Kedia, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Dr. V.K. Rungta who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

Registered Office :  
46-C, J.L. Nehru Road  
Kolkata-700071  
the 29th June, 2009

By Order of the Board

B.K. Choraria  
Company Secretary

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## 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/ITSELF 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, 2009 to 22nd September, 2009 (both days inclusive).
  4. Members, desiring any information about accounts or otherwise, are requested to write to the Company, at least 10 days in advance of the Annual General Meeting, to facilitate compilation thereof.
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**DIRECTORS' REPORT**

INCLUDING MANAGEMENT DISCUSSION &amp; ANALYSIS REPORT

**TO THE MEMBERS****KHAITAN (INDIA) LIMITED**

Your Directors have pleasure in presenting their Seventy second Annual Report together with the Audited Accounts for the year ended 31st March, 2009.

**FINANCIAL RESULTS**

	<b>2008-09 Rs./Lacs</b>	<b>2008-09 Rs./Lacs</b>
Sales & Operating Income were	<b>1910.04</b>	5184.65
Profit for the year was	<b>(127.67)</b>	25.83
From which is deducted		
- Depreciation	<b>(164.00)</b>	(104.07)
- Provision for Taxation	---	---
- Provision for Fringe Benefit Tax	<b>(3.00)</b>	(5.70)
	<b>(294.67)</b>	(83.94)
Leaving a Balance of		
<b>TO WHICH IS ADDED :</b>		
- Deferred Tax	<b>205.90</b>	49.72
- Income Tax for earlier years	<b>(4.84)</b>	---
- Prior Period Expenses	<b>71.44</b>	3.24
- Profit Brought Forward from Previous Years	<b>677.03</b>	708.01
Making an available surplus of which is Carried Forward to Next Year	<b>654.86</b>	677.03

**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 :** The direct sale during the year was Rs.219.21 lacs compared to last year's Rs.1718.83 lacs. The figures are not comparable as the operation at almost all the Branches were dis-continued.

**Sugar Division :** Year 2008-09 was a bad year for whole Sugar Industry. The production as well as yield of sugarcane was less during the year which has effected recovery also. At the start of the crushing season, the excitor of new 3 MW Turbine Alternator was burnt and also tubes of 30 Ton boiler were to be repaired which had further effected supply of sugarcane and shortened the crushing season. Lower crushing, higher interest, packing and other costs have resulted in loss during the year under review.



## DIRECTORS' REPORT

### INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

The crushing operations for the season 2008-09 started on 5th December, 2008 which was continued for 54 days compared to the last year's 103 days. Performance of the Sugar Division compared to last year is as under :

DETAILS	2008-2009	2007-2008
Start of Crushing Season	<b>05.12.2008</b>	03.01.2008
Close of Crushing Season	<b>27.01.2009</b>	15.04.2008
Cane Crushed (in lacs Qtls)	<b>2.94</b>	7.18
Recovery (%)	<b>6.44</b>	6.43
Sugar Production (in Qtls)	<b>16,259</b>	44,675

### AGRICULTURE DIVISION:

Sugarcane is a agro product and is fully dependent on nature. The supply of sugarcane from captive farms to the factory was less by 27% compared to last year as more cane was given to growers for seed purpose.

During the year, about 30000 trees were planted. About 340392 trees out of those planted in last 18 years were standing as on 31.3.2009. Necessary care is taken to nurture the same to fetch long term benefit.

### INDUSTRIAL STRUCTURE

**Sugar Division:** The country's sugar production for the year 2008-09 was estimated to be 20 million tons but as the crushing season advanced it became clear that the production will not be more than 15 million tons. Most of the Sugar Mills of the Country could run only by 28th February, 2009. The Hon'ble Supreme Court had passed an order that SAP (State Advisory Prices) can be fixed by State Government ignoring the SMP (Statutory Minimum Price) fixed by the Central Government. Over and above, additional price was to be paid. As such, total cost of production was much higher in comparison to last year. The increase in market prices of sugar had neutralised the increase in prices of sugarcane.

**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, 2009 the total permanent employees were 114 Nos.

**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.

**DIRECTORS' REPORT**

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

**CURRENT OUTLOOK**

**Marketing Division :** Direct marketing operation in all the states have since been discontinued. The company is the owner of 'Khaitan' Brand and will earn royalty income.

**Sugar Division :** Due to draught like condition, lower sugarcane available is foreseen. The company is providing high yield and high sucrose content varieties and providing latest agriculture technologies to the cultivators of the area.

**Agriculture Division :** Sugarcane is the principal raw material for a sugar industry. There has practically no rains from October, 2008 to till date which has a adverse impact on standing crop. It is impossible to predict the weather conditions.

**Risks & Concerns :** The Indian Sugar Industry exposed for high cyclicity which is usually four year cycle. The policies of the government may not be conducive for development of Sugar Industry.

As Agriculture Division is exposed to nature and as such Sugarcane cultivation is monsoon dependant, significant variation in climatic conditions can effect yield and recovery.

**Fixed Deposits :** Fixed Deposits from the public and employees accepted by the Company stood at Rs.5.59 lacs as on 31st March, 2009.

**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 :** During the year, Mr. Prem Prakash Tibrewal, the Wholetime Director resigned from the Directorship of the Company. The Board noted its appreciation for the services rendered by him during his tenure as a Wholetime Director.



Mr. A.K. Kedia and Dr. V.K. Rungta 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 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 are given in a separate annexure attached hereto and form 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.

**Acknowledgement :** 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 29th June , 2009



**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) Purchase Units (in lacs)  
Total Amount (Rs in lacs)  
Rate per unit (Rs.)

b) Own Generation

i) Through Diesel Generator  
Units (in lacs)  
Units per liter 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 Tonnes)  
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

	2008-09	2007-08
a) Purchase Units (in lacs)	6.06	6.87
Total Amount (Rs in lacs)	37.25	30.98
Rate per unit (Rs.)	6.15	4.51
b) Own Generation		
i) Through Diesel Generator		
Units (in lacs)	0.91	2.43
Units per liter of Diesel oil	3.96	3.99
Cost/Unit (Rs.)	8.73	8.34
ii) Through Steam Turbine/Generator		
Units (in lacs)	5.58	6.16
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 Tonnes)	358	1,720
Total Value (Rs in lacs)	5.27	22.42
Rate per Unit (Rs)	0.95	3.64
<b>II. Consumption per Unit of Production</b>		
Product - Sugar (Qtls.)	18,662	46,890
Electricity (Units/Qtls. of Sugar)	67.21	32.93
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.

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

Improvement in cane yield and in quantity of sugar.

c) Future Plan of Action:

Development of cane in Company's Reserved Area

d) Expenditure on R & D : Rs. 3,30,000/-

**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. Nil



## 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 as per clause 49 of Listing Agreement is as under :

### BOARD OF DIRECTORS

The Board of Directors of the Company consists of 8 (Eight) Directors of whom 2 (Two) are Wholetime Directors. During the financial year 2008-09, 5 (Five) Board Meetings were held on 27.05.2008; 30.06.2008; 31.07.2008; 31.10.2007; 30.01.2009

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 of 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	Attendane at Board Meeting	Attendance at Last AGM	Number of Committee member	Membership in Other Boards	Membership in Other Committees
Mr S K Khaitan	E&WTD	5	No	---	5	---
Mr. Sunil K Khaitan	VC&NED	4	Yes	---	3	---
Mr. R.S.Goenka	ID&NED	2	Yes	2	18	3
Mr. S.K. Todi	ID&NED	4	Yes	2	21	5
Mr. M.K. Jalan	ID&NED	2	No	---	14	---
Mr. A.K. Kedia	ID&NED	3	No	---	11	---
Dr. V.K. Rungta	ID&NED	5	No	5	37	
Mr. S. Bafna	WTD	5	Yes	3	1	---
Mr. P.P. Tibrewal*	WTD	3	Yes	3	1	

Category details : E&WTD - Executive & Wholetime Directors; VC&NED - Vice Chairman & Non Executive Director; ID&NED - Independent & Non Executive Director and WTD - Whole Time Director

\* Ceased with effect from 31/10/2008.

### 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.

**REPORT ON CORPORATE GOVERNANCE (Cont.)**

I confirm that the Company has in respect of the financial year ended 31st March, 2009, 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, 2009.

**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 30-06-2008; 31-07-2008; 31-10-2008 and 30-01-2009 during the period under review

Members	Meetings Attended
Mr. R.S. Goenka	2
Mr. S.K. Todi	4
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 and Mr. S. Bafna.

The Committee met 10 (ten) 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) Meetings of Shareholders Grievance Committee were held on 18-04-2008; 22-07-2008; 15-10-2008 and 16-01-2009.

Members	Meetings Attended
Dr. V K Rungta	4
Mr. S. Bafna	4
Mr. P P Tibrewal*	2

**Review Committee** : 3 (Three) Meetings of Review Committee were held on 25.08.2008, 27.11.2008 and 27.02.2009.

Members	Meetings Attended
Dr. V K Rungta	3
Mr. S. Bafna	3
Mr. P P Tibrewal*	1

\*Ceased on 31/10/2008



## REPORT ON CORPORATE GOVERNANCE (Cont.)

**Remuneration Committee** : During the year, no meeting was held of Remuneration Committee.

**Remuneration of Directors** : The details of remuneration to the Directors during the period under review is as under :

NAME	SALARY& PERQUISITES	MEETING FEES	TOTAL
Mr. S.K. Khaitan	4103838	—	4103838
Mr. Sunil K Khaitan	—	8000	8000
Mr. R.S. Goenka	—	8000	8000
Mr. S.K. Todi	—	16000	16000
Mr. M.K. Jalan	—	4000	4000
Dr. V K Rungta	—	32000	32000
Mr. A.K. Kedia	—	6000	6000
Mr. S. Bafna	835381	—	835381
Mr. P.P. Tibrewal*	625246	—	625246

\*Ceased on 31/10/2008

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

YEAR	LOCATION	DATE	TIME
2007-08	Merchant Chamber of Commerce 15-B, Hemant Basu Sarani, Kol-1	22-09-2008	11.30 A.M.
2006-07	Merchant Chamber of Commerce 15-B, Hemant Basu Sarani, Kol-1	21-09-2007	11.30 A.M.
2005-06	Khaitan (India) Limited 46-C, J.L. Nehru Road, Kol-71	04-09-2006	11.30 A.M.

- i) Special Resolutions were passed by show of hands.
- ii) As per Clause No. 49VI(A) of Listing Agreement Resume and other information of the Directors retiring by rotation is as under:

Mr A K Kedia aged about 55 years is an Industrialist having vast experience of business and management. He is a Director of the Company since 1995. His other Directorships are as under:-

Classic Marketing Agency Pvt. Ltd., Jai Shankar Properties Pvt. Ltd., Ashirvad Properties Pvt. Ltd., Jaypee Trading Co. Pvt. Ltd., East West International (Exim) Pvt. Ltd., Ashiyana Vinimay Pvt. Ltd., Trincas Management Pvt. Ltd., Abloom Pvt. Ltd., East West Mining Pvt. Ltd.

Dr. V K Rungta aged about 63 years is a Company Secretary having vast experience of business and management. He is a Director of the Company since 1987. His other Directorships are as under :-

**REPORT ON CORPORATE GOVERNANCE (Cont.)**

Rajshree Granite Ltd., Arcee Finvest Ltd., Infinity Finance Ltd., Mishanti Engineers Ltd.,  
Name of the 33 (Thirty Three) Private Limited Companies where Dr Rungta is a Director has  
not been mentioned.

**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 :
- b) Date of Book Closing : 15th to 22nd September, 2009 (both days inclusive)
- c) Information regarding Stock Exchanges where the shares of the Company are listed : The National Stock Exchange of India Limited  
Exchange Plaza, Bandra East  
Mumbai-400051  
Bombay Stock Exchange-Ltd.  
25 P J Towers, Dalal Street  
Mumbai-400001  
(under permitted securities category)

The Company had applied for de-listing with The Calcutta Stock Exchange Association Ltd. which is pending. No payment of Listing Fees is paid to them.

Listing fees have been paid for the year 2008-09 to each other 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-700001

**Share Transfer System** : Share Transfers are registered and returned within 30 days of lodgment thereof, if the documents are clear in all respects.

**Market Price**

(2008-09)

NSC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
HIGH	49.90	45.80	43.20	40.95	34.00	34.00	27.70	28.25	17.35	16.50	13.65	13.65
LOW	41.05	37.95	36.10	31.00	30.70	25.70	16.25	13.85	15.00	13.00	13.00	11.60



## REPORT ON CORPORATE GOVERNANCE (Cont.)

### Distribution of Shareholding as on 31st March, 2009

(a) According to Category of Holding :

Category	Shareholder		Share	
	Nos	%	No.	%
Promoters Group	29	1.11	2448350	51.54
Banks, Financial Institutions	3	0.11	1444	0.03
Private Corporate Bodies	119	4.52	1264195	26.62
Indian Public	2472	93.92	1032006	21.73
NRI	9	0.34	4005	0.08
Total	2632	100	4750000	100

(b) According to number of Ordinary Shares held :

Shareholding Pattern	Shareholders		Shares	
	Nos.	%	Nos.	%
upto 500	2347	89.18	475349	10.01
501 to 1000	139	5.28	118570	2.50
1001 to 2000	56	2.12	83303	1.75
2001 to 3000	17	0.65	42119	0.89
3001 to 4000	9	0.34	31064	0.65
4001 to 5000	5	0.19	22315	0.47
5001 to 10000	23	0.87	175369	3.69
10001 and above	36	1.37	3801911	80.04
Grand Total	2632	100.00	4750000	100.00

85.65% 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-700001

**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 31.03.2009, a total of 4068575 Equity Shares of the Company which form 85.65% 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

Kolkata  
The 29th June, 2009

S K Khaitan  
Chairman

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

To the Members of  
Khaitan (India) Ltd

We have reviewed the compliance of conditions of Corporate Governance by Khaitan (India) Limited for the year ended 31st March, 2009, 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 materials respect by the Company.

For CHATURVEDI & CO  
Chartered Accountants

60 Bentinck Street  
Kolkata-700069  
the 29th June 2009

NILIMA JOSHI  
Partner



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## 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 2009, 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. a) *An amount of Rs. 11,08,960/- being in nature of expenses is treated as advance given thereby, understating the losses to that extent.*  
b) *The closing balance of debtors, some creditors, advances, demat account and some bank balances are unconfirmed.*
5. 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 Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iii. 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 AS 9 where sales are recognised after deducting various incentives or discounts given on sales and AS 15 where accruing gratuity/leave encashment is treated on cash basis in Sugar & Agriculture Divisions.
  - iv. 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 - 9 regarding unprovided gratuity and leave encashment liability of Rs 69,21,192 and Rs.2,35,000, resulting in over statement of profit and understatement of liabilities to such extent of the notes on 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.



**AUDITORS' REPORT** (Contd.)

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
- b) In the case of the Profit & Loss A/c., 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.
- v. *Subject to (4) (5) (iv), to (v) 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.
- vi. On the basis of written representations received from the Directors, as on 31st March, 2009 and taken on records by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 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 29th June, 2009

Nilima Joshi  
*Partner*  
(Membership No. 52122)



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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, 2009

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.9,32,94,742 (including interest) and the year end balance of loans taken from the party is Rs.7,00,57,690.
  - ii) In our opinion the rate of interest and other terms and conditions 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.
6. 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. 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.

**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, 2009 (Contd.)**

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 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, wherever applicable have been complied with. Deposits amounting to Rs 2,03,002 have matured which as per the management has not been claimed. Return of deposits for F.Y. 2007-08 has not been filed.
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 and Income Tax on account of any dispute are as follows :

Name of the Statute	Nature of Class	Amount Rs.	Forum where dispute is pending
Maharashtra Sales Tax Act	Tax & penalty on higher turnover on reassessment	94,87,225	Joint Commissioner & Sales Tax (Appealate) Mumbai
Income tax Act. 1961	Applicability of Rule 8D on Agriculture Income	1,75,13,695	Income Tax Tribunal

11. The Company does not have accumulated losses at the end of the financial year and it has incurred any cash losses amounting to Rs. 1,27,66,540/- during the financial year covered by our audit. However, it did not incur cash loss in the immediately preceding financial year.



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, 2009 (*Contd.*)

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 defaulted in repayment of dues to financial institutions, amounting to Rs. 40,31,250 on loan taken from IDBI Bank. However, the company had applied for reschedulement of such dues. Such proposal has been accepted by the Bank and repayment falls due w.e.f. 01-04-2009.
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 share, securities, debentures and other investments. 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 explanation given to us, the company has given guarantee for loan taken by others, from bank or financial institutions. Since such guarantees or counter guarantees given are very old and records to this effect have not been provided to us, we are unable to comment upon whether the terms and conditions are prejudicial to the interest of the company.
17. Based on information and explanation 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 explanation given to us, on and an overall examination of the Balance Sheet and the Cash Flow Statement of the company, we report that no funds raised on short term basis have been used for long term investment.
19. The Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained u/s 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 statement and as per the information and explanation 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.

60, Bentinck Street  
Kolkata 700 069  
On 29th June 2009

For CHATURVEDI & CO.  
Chartered Accountants  
Nilima Joshi  
Partner  
(Membership No.52122)

**BALANCE SHEET**

**AS AT 31ST MARCH, 2009**

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	47,500,000	47,500,000
Reserves & Surplus	B	636,636,371	649,694,108
		<b>684,136,371</b>	<b>697,194,108</b>
<b>Loan Funds</b>			
Secured Loans	C	156,325,611	164,019,598
Unsecured Loans	D	92,579,829	85,633,654
		<b>248,905,440</b>	<b>249,653,252</b>
		<b>933,041,811</b>	<b>946,847,360</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	810,770,422	815,297,667
Less : Depreciation		147,062,273	140,822,189
Net Block		663,708,149	674,475,478
Capital Work-in-Progress		249,905	249,905
		<b>663,958,054</b>	<b>674,725,383</b>
<b>Investments</b>	F	<b>165,532,044</b>	<b>165,950,244</b>
<b>Deferred Tax Aseets</b>		<b>32,643,751</b>	<b>12,053,858</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	G	98,552,469	136,383,227
Sundry Debtors		50,299,140	204,066,128
Cash & Bank Balances		6,410,568	10,750,557
Loans & Advances		54,502,228	71,762,442
		<b>209,764,405</b>	<b>422,962,354</b>
<b>Less : Current Liabilities &amp; Provisions</b>	H	<b>138,856,443</b>	<b>328,844,479</b>
<b>Net Current Assets</b>		<b>70,907,962</b>	<b>94,117,875</b>
		<b>933,041,811</b>	<b>946,847,360</b>

**NOTES ON ACCOUNTS**

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

60 Bentinck Street Kolkata -700 069 the 29th June, 2009	For CHATURVEDI & CO. Chartered Accountants Nilima Joshi Partner (Membership No 52122)	B. K. Choraria Secretary	S. K. KHAITAN Chairman R. S. GOENKA S. K. TODI A. K. KEDIA V. K. RUNGTA Director
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## PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	31.03.2009 Rs.	31.03.2008 Rs.
<b>INCOME</b>			
Net Sales and Operating Income	I	191,003,542	518,464,982
Other Income	J	11,347,533	16,120,546
Increase/(Decrease) in Stocks	K	(33,536,585)	(21,604,691)
		<b>168,814,490</b>	<b>512,980,837</b>
<b>EXPENDITURE</b>			
Raw Materials		44,923,417	61,832,006
Purchases		13,445,020	312,961,193
Packing Materials		783,244	1,532,493
Salaries, Wages & Other Benefits	L	23,681,407	28,879,869
Cultivation, Manufacturing and Other Expenses	M	61,428,337	79,046,651
Interest		37,319,605	26,145,434
		<b>181,581,030</b>	<b>510,397,646</b>
<b>PROFIT (LOSS) BEFORE DEPRECIATION AND TAX</b>		<b>(12,766,540)</b>	<b>2,583,191</b>
Depreciation		16,400,355	10,407,555
<b>PROFIT /( LOSS) BEFORE TAX</b>		<b>(29,166,895)</b>	<b>(7,824,364)</b>
Provision for Fringe Benefit Tax		300,000	570,000
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(29,466,895)</b>	<b>(8,394,364)</b>
Provision for Deferred Tax Assets		20,589,893	4,972,148
<b>Prior Period Adjustments</b>		<b>(8,877,002)</b>	<b>(3,422,216)</b>
Income tax for earlier years		(483,648)	—
Prior period expenses		(2,686,572)	(171,990)
Depreciation written back		9,831,411	495,539
		<b>(2,215,811)</b>	<b>(3,098,667)</b>
Balance brought forward from last year		67,702,766	70,801,433
		<b>65,486,955</b>	<b>67,702,766</b>
<b>APPROPRIATIONS</b>			
Balance carried to Balance Sheet		65,486,955	67,702,766
		<b>65,486,955</b>	<b>67,702,766</b>
<b>BASIC/DILUTED EARNINGS PER SHARE (Note 17)</b>		<b>-0.47</b>	<b>-0.65</b>

### NOTES ON ACCOUNTS

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

For CHATURVEDI & CO.  
Chartered Accountants  
60 Bentinck Street  
Kolkata -700 069  
the 29th June, 2009 (Membership No 52122)

Nilima Joshi  
Partner

B. K. Choraria  
Secretary

SUNIL K. KHAITAN  
Vice-Chairman  
S. BAFNA  
Executive Director

S. K. KHAITAN  
Chairman  
R. S. GOENKA  
S. K. TODI  
A. K. KEDIA  
V. K. RUNGTA  
Directors

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

**A. CASH FLOW FROM OPERATING ACTIVITIES**

	2008-09 Rs./lacs	2007-08 Rs./lacs
Net Profit before Tax	(291.67)	(78.24)
Adjustment for :		
Depreciation	164.00	104.08
Interest	(50.32)	261.45
Interest & Dividend Income	373.19	(109.06)
Profit/Loss on Sale of Investments/Fixed Assets	(29.97)	(27.51)
Premium on Forward Exchange Contract	—	-
Non Cash Expenditure	(10.13)	2.09
Liabilities, no longer required, written back	(4.75)	(0.84)
Operating profit before working capital changes	150.35	151.97
Adjustment for :		
Other Receivables	219.81	96.56
Trade Receivables	1,537.67	(248.39)
Inventories	378.31	299.64
Trade payable	(1,881.63)	1,121.56
Cash Generated from Operation	404.51	1,421.34
Income Tax paid (net of refunds)	(68.54)	(109.99)
Cash Flow before extraordinary items	335.97	1,311.35
Extraordinary Items :		
Prior period expenses	(26.86)	(1.72)
<b>Net Cash from Operating Activities</b>	<b>309.11</b>	<b>1,309.63</b>

**B. CASH FLOW FROM INVESTING ACTIVITIES**

Sale of Fixed Assets	50.31	23.90
Sale of Investments	4.00	100.52
Interest Received	16.16	75.44
Dividend Received	34.16	33.62
Purchase of Fixed Assets	(76.48)	(1,520.17)
Purchase of Investments	—	(637.38)
<b>Net Cash(Outflow) from Investing Activities</b>	<b>28.15</b>	<b>(1,924.07)</b>

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Increase/(Decrease) in deferred liabilities	—	(3.92)
Proceeds from Borrowings	154.47	968.19
Repayments of Borrowings	(161.95)	(116.20)
Interest paid	(373.19)	(220.87)

**Net Cash Outflow from Investing Activities**

(380.67)      627.20

**Net Cash Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)**

(43.41)      12.76

Cash & Cash Equivalent at beginning of the year

107.51      94.75

Cash & Cash Equivalent at end of the year

64.10      107.51

Notes : 1) Cash and Cash Equivalents represent cash and bank balances as indicated in Schedule G.

2) Figures in brackets represent outflows.

60 Bentinck Street Kolkata -700 069 the 29th June, 2009	For CHATURVEDI & CO. <i>Chartered Accountants</i> Nilima Joshi <i>Partner</i> (Membership No 52122)	SUNIL K. KHAITAN <i>Vice-Chairman</i> S. BAFNA <i>Executive Director</i>	S. K. KHAITAN <i>Chairman</i> R. S. GOENKA S. K. TODI A. K. KEDIA V. K. RUNGTA <i>Directors</i>
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## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE A

#### SHARE CAPITAL

##### Authorised

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
2,47,50,000 Equity Shares of Rs.10/- each	247,500,000	247,500,000
4,000 6% Income-Tax-Free Cumulative Preference Shares of Rs.100/- each	400,000	400,000
21,000 Preference Shares of Rs.100/- each	2,100,000	2,100,000
	<b>250,000,000</b>	250,000,000

##### Issued, Subscribed & Paid-up

* 47,50,000 Equity Shares of Rs.10/- each Fully Paid-up	47,500,000	47,500,000
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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	422,117,145	422,690,515
Less : Adjustment on Sale of Revalued Asset	1,013,290	77,831
Less : Prior period adjustment on account of Depreciation	9,828,636	495,539
	<b>411,275,219</b>	422,117,145

##### General Reserve

Balance as per last Balance Sheet	159,874,197	158,830,605
Add : Addition on account of adoption of AS-15 for retirement benefits	—	1,043,592
	<b>159,874,197</b>	159,874,197

##### Profit & Loss Account

Balance as per Annexed Account	65,486,955	67,702,766
	<b>636,636,371</b>	649,694,108



**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 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>From Scheduled Banks</b>	<b>70,855,200</b>	66,635,922
<b>From Financial Institutions</b>	<b>60,468,750</b>	64,500,000
<b>From Others</b>		
Term Loans	8,563,117	15,184,589
Interest accrued and due	16,045,113	17,699,087
Auto Loans (Secured by vehicles financed)	393,431	—
	<b>156,325,611</b>	164,019,598
<b>SCHEDULE D</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	559,000	1,555,000
From Bodies Corporate	85,157,699	74,694,742
Trade Deposits (Long Term)	6,502,391	8,786,892
Interest Accrued and Due	360,739	597,020
	<b>92,579,829</b>	85,633,654



## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE E

#### FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2008	Additions	Sales/ Adjustments	As at 31.03.2009	As at 01.04.2008	For the year	Adjustments for the year	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land (Freehold)	430,904,050	—	31,500	430,872,550	—	—	—	—	430,872,550	430,904,050
Building	53,214,178	—	—	53,214,178	14,883,385	978,432	—	15,861,817	37,352,361	38,330,793
Plant & Machinery	291,635,917	5,805,794	11,028,398	286,413,313	98,800,024	12,216,184	9,828,636	101,187,572	185,225,741	192,835,893
Computer	11,654,545	—	—	11,654,545	8,043,015	1,654,800	—	9,697,815	1,956,730	3,611,530
Electric Installation	816,098	—	—	816,098	488,127	37,200	—	525,327	290,771	327,971
Implements & Carts	8,571,038	—	—	8,571,038	8,317,817	27,271	—	8,345,088	225,950	253,221
Vehicles	5,168,153	853,620	1,080,852	4,940,921	2,816,462	390,016	318,678	2,887,800	2,053,121	2,351,691
Furniture & Fixtures	9,348,631	989,428	35,337	10,302,722	5,102,054	1,032,861	12,957	6,121,958	4,180,764	4,246,577
Irrigation Equipments	3,865,980	—	—	3,865,980	2,265,067	59,983	—	2,325,050	1,540,930	1,600,913
Ferry Rights	1,098	—	—	1,098	—	—	—	—	1,098	1,098
Laboratory Equipments	117,979	—	—	117,979	106,238	3,608	—	109,846	8,133	11,741
<b>TOTAL</b>	<b>815,297,667</b>	<b>7,648,842</b>	<b>12,176,087</b>	<b>810,770,422</b>	<b>140,822,189</b>	<b>16,400,355</b>	<b>10,160,271</b>	<b>147,062,273</b>	<b>663,708,149</b>	<b>674,475,478</b>
Previous Year	650,731,512	166,505,554	1,939,399	815,297,667	131,295,815	10,407,555	878,056	140,822,189	674,475,478	

#### Notes :

- 1) 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.
- 2) Adjustment include Rs. 2,17,972/- deducted from Plant & Machinery which is amount of CENVAT claimed during the year on Plant & Machinery which was added in the earlier year Depreciation of Rs. 2,775/- charged on this additions in the earlier year is also written back.
- 3) Depreciation has been written back on the revalued amount of assets for Rs. 98,28,636/-

SCHEDULES FORMING PART OF THE ACCOUNTS

**SCHEDULE F**

**INVESTMENTS (AT COST) - LONG TERM - OTHERS**

AS AT 31.03.2008 Nos	AS AT 31.03.2009 Nos	Face Value Rs.	Description	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
			<b>1. Government Securities held in</b>		
			<b>Quoted</b>		
4	—	100000	12.50% Maharashtra State Road Devlop.Corp.	<b>230,000</b>	230,000
3	3	100000	11.00% Maharashtra Krishna Valley Dev.Corp.	—	418,200
			11.50% Maharashtra Krishna Valley Dev.Corp.	<b>304,500</b>	304,500
			<b>Unquoted</b>		
2	2	100000	National Defence/Savings Certificates.	<b>7,100</b>	7,100
1720752	1720752	10	<b>2. Equity Shares (Fully Paid) Held in :</b>		
			<b>Quoted :</b>		
24300	<b>24300</b>	10	Khaitan Electricals Limited -	<b>82,376,331</b>	82,376,331
44980	<b>44980</b>	10	(Company under the same Management)		
1294000	<b>1294000</b>	10	<b>Unquoted :</b>		
			Naturewealth Development Corpn.Limited	<b>243,000</b>	243,000
			The Oriental Mercantile Company Limited	<b>1,401,113</b>	1,401,113
55500	<b>55500</b>	10	Khaitan Lefin Ltd.	<b>77,640,000</b>	77,640,000
			(Company under the same Management)		
			Khaitan Hotels P. Ltd.	<b>3,330,000</b>	3,330,000
				<b>165,532,044</b>	165,950,244
			<b>Aggregate Value of</b>		
			Quoted Investments	<b>82,910,831</b>	82,910,831
			Unquoted Investments	<b>82,614,113</b>	82,614,113
			Market Value of Quoted Investments	<b>92,496,194</b>	105,912,286

**Notes :**

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

Description	Purchased (Nos.)	Sold (Nos.)
<b>1. Government Securities</b>		
11.00% Maharashtra Krishna Valley Dev.Corp.	—	4



SCHEDULES FORMING PART OF THE ACCOUNTS

**SCHEDULE G**

**CURRENT ASSETS, LOANS AND ADVANCES**

**A. Current Assets**

Inventories (As Certified by the Management)

Stores, Spares and Others

Finished Goods

Sugar & Molasses

Electrical Fans

Stock in Process

Sugar

Planted Trees

Standing Sugarcane Crop

**Sundry Debtors (Unsecured)**

Due for over six months

Considered Good

Considered Doubtful

Less : Provision for Doubtful Debts

Other Debts (Considered Good)

**Cash and Bank Balances**

Cash and Cheques in hand

With Scheduled Banks

In Current Accounts

In Fixed Deposits \*

\* Receipts pledged with Banks as Security

**B. Loans & Advances (Unsecured /Considered Good)**

Loans

Advances recoverable in cash/kind or for value to be received

Compensation and Other Claims

Security Deposits

Income-tax Advance/Refund Due

Gratuity/Leave Encashment (Fund with LIC)

Other Advances

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
	<b>7,339,619</b>	10,361,523
	<b>14,402,493</b>	36,290,747
	<b>1,740,651</b>	17,167,262
	<b>66,978,046</b>	62,224,225
	<b>8,091,660</b>	10,339,470
	<b>98,552,469</b>	136,383,227
	<b>48,985,556</b>	7,456,888
	<b>1,184,641</b>	1,184,641
	<b>(1,184,641)</b>	(1,184,641)
	<b>1,313,584</b>	196,609,240
	<b>50,299,140</b>	204,066,128
	<b>208,830</b>	3,555,528
	<b>1,787,171</b>	2,965,000
	<b>4,414,567</b>	4,230,029
	<b>6,410,568</b>	10,750,557
	<b>15,023,242</b>	31,237,014
	<b>1,836,264</b>	1,881,453
	<b>920,834</b>	790,106
	<b>17,853,652</b>	13,133,154
	<b>2,787,800</b>	1,364,589
	<b>16,080,436</b>	23,356,126
	<b>54,502,228</b>	71,762,442
	<b>209,764,405</b>	422,962,354

**SCHEDULES FORMING PART OF THE ACCOUNTS**
**SCHEDULE H**
**CURRENT LIABILITIES**

 Sundry Creditors  
 Deposits and Advances

**PROVISIONS**

 Provision for Income Tax  
 \* Dues to SSI Units Rs.Nil

**SCHEDULE I**
**SALES AND OPERATING INCOME**

 Sales/Transfer (Net)  
 Less : Excise Duty on Sales  
 Net Sales/Transfer  
 Sale of Crops (Other than Sugarcane)  
 Royalty (TDS-Rs.47,91,724 Previous-Year Rs. 46,43,187)  
 Commission Received  
 (TDS. Rs.Nil Previous Year Rs. 14,543)

**SCHEDULE J**
**OTHER INCOME**

 Interest (TDS. Rs.2,92,407 Previous Year Rs.31,17,672)  
 (Refer Note No 7 to the Notes of Accounts)  
 Profit on Sale of Investments/Fixed Assets  
 Dividend (From Other investments)  
 Rent (TDS Rs. 6,46,383 Previous Year Rs 4,48,107)  
 Liabilities no longer required written back (net)  
 Miscellaneous Income

**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

	2008-09 Rs.	2007-08 Rs.
	128,892,832	317,622,841
	6,843,611	6,751,638
	135,736,443	324,374,479
	3,120,000	4,470,000
	138,856,443	328,844,479
	160,514,149	481,123,514
	7,073,591	7,551,505
	153,440,558	473,572,009
	731,210	847,552
	36,831,774	43,917,066
	—	128,355
	191,003,542	518,464,982
	1,615,956	7,544,444
	2,997,289	2,751,201
	3,416,036	3,362,011
	2,638,742	1,985,825
	474,687	84,180
	204,823	392,885
	11,347,533	16,120,546
	16,143,144	49,371,326
	66,506,520	68,936,960
	82,649,664	118,308,286
	49,371,326	77,208,274
	68,936,960	64,433,790
	118,308,286	141,642,064
	(35,658,622)	(23,333,778)
	2,122,037	1,729,087
	(33,536,585)	(21,604,691)



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE L

**SALARIES, WAGES & OTHER BENEFITS**

	<b>31.03.2009</b> Rs.	31.03.2008 Rs.
Salaries, Wages, Bonus & Allowances	<b>17,490,888</b>	20,945,492
Contribution to Provident and Other Funds	<b>(212,440)</b>	1,893,051
Directors' Remuneration	<b>5,564,465</b>	4,946,985
Employees' Welfare Expenses	<b>838,494</b>	1,094,341
	<b>23,681,407</b>	28,879,869

SCHEDULE M

**CULTIVATION, MANUFACTURING & OTHER EXPENSES**

Stores and Spare Parts Consumed	<b>9,827,873</b>	12,427,167
Power and Fuel	<b>8,003,012</b>	12,666,925
Sugarcane Seeds	<b>2,994,355</b>	4,001,465
Crop Protection Charges	<b>761,693</b>	831,156
Agricultural Operation Charges	<b>9,675,125</b>	8,502,832
Cane Development Expenses	<b>392,606</b>	37,768
Research & Development	<b>330,000</b>	151,846
Repairs to :		
Buildings	<b>255,332</b>	733,177
Plant & Machinery	<b>8,035,788</b>	8,561,409
Others	<b>2,066,527</b>	2,440,206
Rent	<b>787,354</b>	943,546
Insurance	<b>339,858</b>	196,927
Rates and Taxes	<b>313,898</b>	313,669
Legal Charges	<b>2,428,642</b>	511,735
Publicity & Sales Promotion	<b>8,663,748</b>	10,406,315
Directors' Fees	<b>74,000</b>	68,000
Commission	<b>169,684</b>	820,231
Brokerage on Sale of Sugar	<b>73,880</b>	125,824
Packing & Forwarding Expenses	<b>865,967</b>	2,459,035
Cash Discount	<b>131,957</b>	959,858
Bank Charges	<b>800,196</b>	908,959
Travelling Expenses	<b>1,314,724</b>	5,275,590
Auditors' Remuneration	<b>90,500</b>	84,360
Sales Tax	—	64,750
Miscellaneous Expenses	<b>3,031,618</b>	5,553,901
	<b>61,428,337</b>	79,046,651

**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. Assets of Rs. 5,000/- and below have been fully depreciated during the year of purchase.
- 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 :
  - ii) 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.
  - iii) 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) Borrowing Cost: Borrowing costs in relation to a qualifying asset and capitalised as part of the cost of a qualifying asset when it is probable that they will result in future economic benefits to the enterprise and the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.



## SCHEDULE N (Contd.)

- m) Impairment of losses, if any, are recognised in accordance with the accounting standard issued in this regard by the Institute of Chartered Accountants of India.
- n) 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.
- o) Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date.  
Contingent Liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.  
Contingent assets are neither recognised nor disclosed in the financial statements.
- p) Payment for services where service tax is charged and credit for the same is taken is accounted net of service tax.

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

	<b>2008-09</b> Rs.	<b>2007-08</b> Rs.
a) Guarantee/Sureties given by the Company for its Business Associates	<b>30,50,000</b>	30,50,000
b) Counter Guarantee against Guarantees given by the bank to various authorities	<b>20,74,198</b>	20,74,198
c) Estimated liabilities for Sales Tax relating to earlier years	<b>94,87,225</b>	1,24,54,372
d) Income tax matters for earlier years (under appeals)	<b>1,75,13,695</b>	58,44,032

4. Payment of interest on Term Loan amounts to Rs.92,24,088 (Previous year Rs.20,60,577).
5. No borrowing cost have been capitalised during the year.
6. There is no impairment of assets during the year.
7. Interest Received includes interest on Fixed Deposits Rs. 2,80,696/-, (Previous year 80,897), on Investment Rs. 59,500/- (Previous Year Rs. 43,741) and on Loan given Rs. 12,75,760/- (Previous Year Rs. 74,17,806).
8. Cane Advances given to parties are considered good and recoverable by the management.
9. Prior Period Expenses /(Income) are in respect to the following heads :

SI No	Account Head	<b>2008-09</b> Rs.	<b>2007-08</b> Rs
a	Salary & Bonus	28,08,000	1,71,990
b	Insurance Premium	95,952	—
c	Repairs to Others	16,554	—
d	Interest to Others	6,300	—
e	Rent Received	(2,27,500)	—
f	Interest Received	(12,734)	—
	Total	26,86,572	1,71,990

10. a) Sundry Debtors of Agriculture Division includes Rs. 5,12,840 (Previous year Rs.5,12,840) which are old dues and considered good by the management.
- b) Advances, Debtors & Creditors balances as at the year end are subject to confirmation.
- c) Sundry Debtors, considered good include Rs. 14,43,146 which is under litigation.



**SCHEDULE N (Contd.)**

d) Expenses of Rs. 11,08,960/- paid during the year is shown under the head "Other Advances" and the loss of the Company of the year to that extent is under stated.

11. Un-provided gratuity liability as per actuarial valuation amounts to Rs. 69,21,192/- (Previous year Rs. 79,06,274/-) and Leave Encashment amount to Rs. 2,35,000/- (Previous year Rs. 2,12,000/-) in respect of the Sugar & Agriculture Division.
12. Company have discontinued the Marketing operation in the state of Uttar Pradesh during the year. Due to the discontinuation, some of the Assets & Liabilities of the branch have been transferred to M/s Khaitan Electricals Limited, a Creditor of the Company. Details of the same are as under :

SI No	Account Head	Amount (Rs.)
1	Sundry Debtors	58,57,191
2	Sundry Creditors	1,35,425
3	Trade Deposit (Long term)	14,28,000
4	Other Advances	27,10,050

13. Disclosure of employee benefits in respect of the Marketing Division is as under:-

i. **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	31,080
Employers' Contribution to Employee State Insurance Scheme	2,783

ii. **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, 2009 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2009 is as follows:-

iii. **Expenses recognised during the year :**

(Amount in Rs.)

	Gratuity (Funded)	Encashment Leave (Funded)
1. Current Service Cost	1,882	36,000
2. Interest Cost	1,07,138	30,442
3. Expected Return on Plan Assets	(1,99,784)	(46,921)
4. Net actuarial (gain) / Loss recognised in the year	(10,49,001)	(3,02,967)
5. Expenses recognised during the year	(11,39,765)	(2,83,446)



**SCHEDULE N (Contd.)**

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

1. Present Value of Defined Benefit Obligation at the beginning of the year	13,39,227	3,80,525
2. Interest Cost	1,07,138	36,000
3. Current Service Cost	1,882	30,442
4. Benefits Paid	—	—
5. Actuarial Gain (Losses)	10,49,001	3,02,967
6. Present Value of Obligation at the end of the year	3,99,246	1,44,000

**e) Change in Fair Value of Plan Assets during the year ended 31st March, 2009 :**

1. Plan Assets at the beginning of the year	24,97,306	5,87,035
2. Expected Return on Plan Assets	1,99,784	46,921
3. Actual Company Contribution	-	-
4. Actual Benefits Paid	-	-
5. Actuarial Gains.(Losses)	-	-
6. Plan Assets at the end of the year	26,97,090	6,33,956

**i. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2009:**

1. Present Value of Defined Benefit Obligation	3,99,246	1,44,000
2. Fair Value on Plan Assets	26,97,090	6,33,956
3. Funded Status (Surplus/(deficit))	22,97,844	4,89,956
4. Net Asset/(Liability) recognised in Balance Sheet	22,97,844	4,89,956

**vii. Actuarial Assumptions**

1. Discount Rate (per annum)	8%	8%
2. Salary Increases	3%	3%
3. Retirement / Superannuation Age	58	58

**iv) Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2009 :**

1. Administered by Life Insurance Corporation of India	100%	100%
--	------	------

**viii. Basis of estimates of rate of escalation in salary.**

The estimates of rate of escalation in salary considered in actuarial valuation, takes 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.

x. The expenses have been recognised in "Contribution to Provident & Other Funds" in "Salaries/Wages and Bonus" Schedule.'

14. 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.

**SCHEDULE N (Contd.)**

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

PRODUCTION, PURCHASES, SALES & STOCKS	UNIT	2008-09		2007-08	
		Quantity	Rs.	Quantity	Rs.
A) Licensed Capacity		<b>2,500 TCD</b>		2,500 TCD	
Installed Capacity		<b>1,500 TCD</b>		1,500 TCD	
(Tonnes of Cane crushed per Day)					
B) Production					
Sugar	(M.T.)	<b>2,022</b>		4,082	
Molasses	(M.T.)	<b>3,395</b>		2,572	
Sugarcane	(M.T.)	<b>30,079</b>		25,832	
C) Opening Stock					
Sugar	(M.T.)	<b>2,114</b>	<b>33,221,585</b>	3,521	48,840,205
Sugarcane	(M.T.)	<b>2,980</b>	<b>2,976,010</b>	—	—
Molasses	(M.T.)	<b>844</b>	<b>3,069,162</b>	1,770	5,350,977
Fans	(Nos.)	<b>6,333</b>	<b>6,363,558</b>	16,784	14,863,217
P.D.Pumps	(Nos.)	<b>5,892</b>	<b>1,375,201</b>	1,172	309,707
Monoblock Pumps	(Nos.)	<b>421</b>	<b>1,312,346</b>	727	1,623,641
Lighting Products	(Nos.)	<b>51,101</b>	<b>2,395,304</b>	47,028	3,162,853
MCB'S		<b>8,894</b>	<b>503,586</b>	15,536	916,036
Wire		<b>182</b>	<b>291,958</b>	1,220	858,924
Others			<b>838,626</b>		1,282,714
Stock-in-Process :					
Sugar	(M.T.)	<b>288</b>	<b>4,086,683</b>	263	3,339,822
Others			<b>61,874,267</b>		61,093,968
			<b>118,308,286</b>		141,642,064
D) Purchases*					
Fans	(Nos.)	<b>10,595</b>	<b>8,287,786</b>	232,803	198,395,257
P.D.Pumps	(Nos.)	<b>219</b>	<b>26,445</b>	18,896	2,661,573
Monoblock Pumps	(Nos.)	<b>522</b>	<b>1,192,604</b>	21,700	47,885,515
Lighting Products	(Nos.)	<b>15,665</b>	<b>926,761</b>	365,390	30,018,227
MCB'S	(Nos.)	<b>60,771</b>	<b>273,883</b>	206,747	2,815,098
Wire	(Coils)	<b>2,911</b>	<b>1,338,084</b>	21,419	7,775,018
Others			<b>1,399,457</b>	—	23,410,505
			<b>13,445,020</b>		312,961,193
E) Sales/Transfer*					
Sugar	(M.T.)	<b>3,966</b>	<b>67,980,291</b>	5,488	78,334,211
Sugarcane	(M.T.)	<b>30,079</b>	<b>37,076,748</b>	22,852	20,881,731
Molasses	(M.T.)	<b>4,239</b>	<b>19,405,865</b>	3,498	10,653,434
Fans	(Nos.)	<b>15,142</b>	<b>11,797,905</b>	243,302	227,432,686
P.D.Pumps	(Nos.)	<b>5,967</b>	<b>1,220,972</b>	14,385	3,008,252
Monoblock Pumps	(Nos.)	<b>909</b>	<b>1,848,097</b>	22,006	54,288,771
Lighting Products	(Nos.)	<b>65,096</b>	<b>889,710</b>	361,317	32,671,508
MCB'S	(Nos.)	<b>69,665</b>	<b>1,581,751</b>	213,389	3,681,046
Wire	(Coils)	<b>3,093</b>	<b>2,794,567</b>	22,457	8,534,941
Others			<b>15,918,243</b>		41,636,934
			<b>160,514,149</b>		481,123,514



## SCHEDULE N (Contd.)

PRODUCTION, PURCHASES, SALES & STOCKS	UNIT	2008-09		2007-08	
		Quantity	Rs.	Quantity	Rs.
F) Closing Stock	(M.T.)	612	14,398,625	2,114	33,221,585
Sugar	(M.T.)	—	—	2,980	2,976,010
Sugarcane	(M.T.)	1	3,868	844	3,069,162
Molasses	(Nos.)	1,786	1,521,010	6,333	6,363,558
Fans	(Nos.)	144	103,090	5,892	1,375,201
P.D.Pumps	(Nos.)	34	48,287	421	1,312,346
Monoblock Pumps	(Nos.)	1,670	68,264	51,101	2,395,304
Lighting Products	(Nos.)	—	—	8,894	503,586
MCB'S	(Coils)	—	—	182	291,958
Wire					838,626
Others					
Stock-in-Process					
Sugar	(M.T.)	334	4,484,643		4,086,683
Others *			62,021,877		61,874,267
			82,649,664		118,308,286

\* Excluding the cost of planted trees representing expenses incurred as referred under Note 1(i) hereinabove.

### 16. Directors' and Auditors' Remuneration

#### a) Directors' Remuneration :

Remuneration \*  
Contribution to Provident Fund & Others  
Perquisites

	2008-09 Rs.	2007-08 Rs.
	3,665,161	3,216,000
	79,819	9,720
	1,819,485	1,730,985
	5,564,465	4,956,705
	39,326	39,124
	11,236	11,236
	39,805	20,882
	11,236	5,618
	—	5,000
	—	2,500
	101,603	84,360

\* [Including Service Tax of Rs.11,103/- (Previous Year Rs. 11,595/-)]

\*\* No Commission is payable to directors for the year

\*\*\* Gratuity & Leave Encashment paid to Director on resignation amounting to Rs. 3,50,000/- & Rs. 1,60,000/- respectively.

**SCHEDULE N (Contd.)****17. Earnings Per Share( EPS)**

	2008-09 Rs.	2007-08 Rs.
a) Net Profit after tax available for Equity Shareholders (Rs.)	-2,215,811	-3,098,667
b) Number of Equity Shares of Rs. 10/- each	4,750,000	4,750,000
c) Basic and Diluted Earnings Per Share (Rs.)	-0.47	-0.65

**18. 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 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

31.03.09	31.03.08
37,493,505	13,296,089
4,849,754	1,242,231
32,643,751	12,053,858
(20,589,893)	4,972,148



## SCHEDULE N (Contd.)

### 19. 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	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>REVENUE</b>										
Sales & Operating Income	587.53	3999.93	803.12	814.36	519.38	370.34	—	—	1,910.03	5,184.63
Other Income	18.47	83.54	20.14	7.45	13.27	2.04	61.59	68.15	113.47	161.18
Increase/(Decrease) in Stock	-113.40	(99.36)	(193.68)	(154.24)	-28.28	37.56	—	—	(335.36)	(216.04)
<b>TOTAL REVENUE</b>	<b>492.60</b>	<b>3,984.11</b>	<b>629.58</b>	<b>667.57</b>	<b>504.37</b>	<b>409.94</b>	<b>61.59</b>	<b>68.15</b>	<b>1,688.14</b>	<b>5,129.77</b>
<b>RESULTS</b>										
PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION	232.86	568.66	(228.54)	(417.80)	236.41	121.87	4.78	14.54	245.51	287.27
Less :										
a) Depreciation	22.99	22.96	35.28	68.26	2.12	2.41	5.29	5.47	65.68	99.10
b) Interest	111.10	121.52	227.17	108.87	34.92	31.05	-	-	373.19	261.44
<b>TOTAL PROFIT BEFORE TAX</b>	<b>98.77</b>	<b>424.18</b>	<b>(490.99)</b>	<b>(594.93)</b>	<b>199.37</b>	<b>88.41</b>	<b>(0.51)</b>	<b>9.07</b>	<b>(193.36)</b>	<b>(73.27)</b>
Less :										
a) Provision for Taxation	3.00	5.70	—	—	—	—	—	—	3.00	5.70
b) Provision for Deferred Tax	—	—	—	—	—	—	(205.90)	(49.72)	(205.90)	(48.01)
<b>PROFIT AFTER TAX</b>	<b>95.77</b>	<b>418.48</b>	<b>(490.99)</b>	<b>(594.93)</b>	<b>—</b>	<b>—</b>	<b>205.39</b>	<b>58.79</b>	<b>9.54</b>	<b>-30.96</b>
<b>CAPITAL EMPLOYED</b>										
Segment Assets	818.95	2733.02	2301.95	2568.11	1213.38	1157.56	1945.51	1949.22	6,279.79	8,407.91
Segment Liabilities	1506.70	2736.24	2029.69	2710.29	341.23	331.15	—	—	3,877.62	5,777.68
<b>TOTAL CAPITAL EMPLOYED</b>	<b>(-687.75)</b>	<b>(3.22)</b>	<b>272.26</b>	<b>(142.18)</b>	<b>872.15</b>	<b>826.41</b>	<b>1,945.51</b>	<b>1,949.22</b>	<b>2,402.17</b>	<b>2,630.23</b>

### 20. Related Party Disclosure :

#### a) Names of related parties :

##### i) Whole-time Directors :

Mr. S.K. Khaitan, Chairman

Mr. S.Bafna, Executive Director

Mr. P.P. Tibrewal, Finance Director\*

\*Ceased on. 31.10.2008

##### ii) Associates :

Khaitan Electricals Limited

Khaitan Lefin Limited

#### Relative

Mr. Sunil K. Khaitan

Vice-Chairman

Mrs. Madhu Bafna

#### Relationship

Son

Spouse

**SCHEDULE N (Contd.)**
**b) Transactions with Related Parties :**

Nature of Transaction	Key Management Personnel & Relatives (A)		Associates (B)		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Remuneration	48.98	32.16	-	-	48.98	32.16
Sitting Fees	0.08	0.12	-	-	0.08	0.12
Residential Accomodation	2.52	2.16	4.74	4.74	7.26	6.90
Purchase of Goods	-	-	134.45	3,791.59	134.45	3,791.59
Royalty Received	-	-	368.32	439.17	368.32	439.17
Sale of Fixed Assets	-	18.51	-	-	-	18.51
Commission Received	-	-	-	1.28	-	1.28
Interest paid	-	-	164.66	-	164.66	-
Transfer of Assets/ Liability of Branch	-	-	47.10	-	47.10	-
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, 2009 :**

Related Party	Relationship	Balance as on 31st March, 2009 (Rs. In lacs)
Khaitan Electricals Limited	Associates	1732.52Cr
Khaitan Lefin Limited	Associates	38.50Cr.
Madhu Bafna	Key Management Personnel & Relatives	0.07Dr.

**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	134.45
	Royalty Received	368.32
	Lease Rent Paid	0.63
	Transfer of Assets/ Liability (Net)	47.10
	Interest Paid	162.50
b) Khaitan Lefin Limited (B)	Residential Accomodation	4.74
	Interest Paid	2.16
Madhu Bafna	Residential Accomodation	2.52
c) S.K.Khaitan (A)	Remuneration	36.89
	S. Bafna (A)	Remuneration
P. P. Tibrewal (A)	Remuneration	6.25

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.

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



## SCHEDULE N (Contd)

22. 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	: 31.03.2009

B) Capital Raised During the year ( Rs. In Thousands ) : Nil

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

Total Liabilities	: 9,33,042	Total Assets	: 9,33,042
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**Sources of Funds :**

Paid Up Capital	: 47,500
Reserves & Surplus	: 6,36,636
Secured Loans	: 56,326
Unsecured Loans	: 92,580

**Application of Funds :**

Fixed Assets (Net)	: 6,63,958
Investments	: 1,65,532
Net Current Assets	: 70,908
Deferred Tax Assets	: 32,644

D) Performance of Company ( In Thousands ) :

Turnover	: 1,91,003	Total Expenditure	: 2,00,170
Profit/ (Loss) before Tax	: (29,167)	Profit After Tax	: (8,877)
Earning Per share		Dividend Rate%	: Nil
Basic and Diluted in Rs	: -0.47		

D) Genetics Names of the principals products / Services of Company :  
(As per monetary Terms)

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

Signature to Schedule 'A' to 'N'

For CHATURVEDI & CO.  
Chartered Accountants

60 Bentinck Street  
Kolkata -700 069  
the 29th June, 2009

Nilima Joshi  
Partner  
(Membership No 52122)

B. K. Choraria  
Secretary

SUNIL K. KHAITAN  
Vice-Chairman  
S. BAFNA  
Executive Director

S. K. KHAITAN  
Chairman  
R. S. GOENKA  
S. K. TODI  
A. K. KEDIA  
V. K. RUNGTA  
Directors



# khaitan (India) Limited

Registration 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 .....  
of 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 Tuesday, the 22nd September, 2009 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 ..... 2009

Signed by the.....

Affix  
Re. 1  
Revenue  
Stamp

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

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

# khaitan (India) Limited

Registration 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 Two Annual General Meeting of the Company to be held at  
Merchant Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata 700 001 on Tuesday, the 22nd September,  
2009 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.

**khaitan**  
**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 Discount against cash.  
Valid upto 31st March, 2010

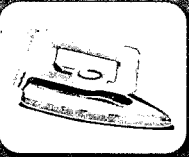
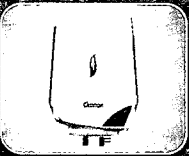
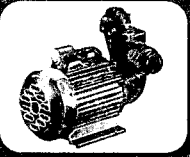
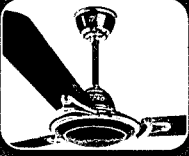
Please contact any place mentioned overleaf

Signature

## KHAITAN WHOLESALERS

**khaitan** Electricals Limited • 1/23B, Asaf Ali Road, **New Delhi**-110 002, Email-delhi@khaitan.com, Ph: 30481008 • 46, Janpath (Tolstoy Lane), **New Delhi**-110 001, Email-faridabad@khaitan.com • 'Clinic Building', 24/56, Birhana Road, **Kanpur**-208 001, Email-kanpur@khaitan.com, Ph: 2399009 • 10, Gopinath Marg, New Colony, **Jaipur**-302 001, Email-jaipur@khaitan.com, Ph: 2367064 • Plot No. 77 Indl. Area, Phase-I **Chandigarh**-160 002, Email-chandigarh@khaitan.com, Ph: 526361 • Behind Apex Diagnostic Centre, Jobra Road, **Cuttack**-753 003, Email-cuttack@khaitan.com, Ph: 2649281 • Mahakant Complex, Opp. V.S. Hospital, Ashram Road, **Ahmedabad**-380 006, Email-ahmedabad@khaitan.com, Ph: 26581182 • Khaitan Chamber, 143/145, Modi Street, Fort, **Mumbai**-400 001 Email-mumbai@khaitan.com, Ph: 66102468 • T.D. Road, Ernakulam, **Kochi**-682 035, Email-kochi@khaitan.com, Ph: 2576737 • Patwari Tower, Ratu Road, Bus Stand Chowk, **Ranchi**-834 001, Ph: 2280747 • Poddar Court (Basement), 18, Rabindra Sarani, **Calcutta**-700 001, Ph: 22103331 • Sri Ram Bhawan, 1st Floor, Exhibition Road, **Patna**-800 001, Email-patna@khaitan.com, Ph: 2322801 • Roshan Lal Compound, 178/1, Pathar Mundla Road, Palda, **Indore**-452 020, Email-indore@khaitan.com, Ph: 2862205 • 'Apex Chamber', 20/18, Sir Thiagaraya Road, T. Nagar, **Chennai**-600 017, Email-chennai@khaitan.com, Ph: 24355934 • A-13, Co-operative Indl. Estate Balanagar, **Hyderabad**-500 037, Email- hyderabad@khaitan.com, Ph: 65170666 • 'Manish Towers' 3rd Floor, Flat No. D-5, 84, J. C. Road, **Bengaluru**-560 002, Email-bangalore@khaitan.com, Ph: 41249961 • Udyog Vikas Bhavan, Bhangaghar, G.S. Road, **Guwahati**-781 005, Email-guwahati@khaitan.com, Ph: 2529794 • Pragati Vihar, Near Natrog Chowk, By Pass Road, **Rishikesh**-249 201, Ph: 2439239 • III-M, 30-C, Nehru Nagar, **Ghaziabad**-201 001, Ph: 2716798 • Plot No. 5, Indl. Area, Phase-I, **Panchkula**-134 113.

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