



# **khaitan** (India) Limited

Regd. Office : 46C, J. L. Nehru Road, Kolkata 700 071  
Phone : (033) 2288 8391, 4050 5000, Fax : 91 33 2288 3961

## **BOARD OF DIRECTORS**

S. K. KHAITAN, Chairman  
SUNIL K. KHAITAN, Vice-Chairman  
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, 7103 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 Fifth Annual General Meeting of Khaitan (India) Limited will be held on Wednesday the 26th September, 2012 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, 2012 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. Sunil Krishna Khaitan, 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.

### 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 20th September, 2012 to 26th September, 2012 (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.

Registered Office :  
46-C, J.L. Nehru Road  
Kolkata-700071  
the 7th June, 2012

By Order of the Board

B.K. Choraria  
*Company Secretary*

**DIRECTORS' REPORT**  
INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

Your Directors have pleasure in presenting their Seventy Fifth Annual Report together with the Audited Accounts for the year ended 31st March, 2012.

**FINANCIAL RESULTS**

	<b>2011-12</b>	<b>2010-11</b>
	<b>Rs./Lacs</b>	<b>Rs./Lacs</b>
Sales & Operating Income were	<b>2595.42</b>	2339.93
Profit for the year was	<b>(64.85)</b>	(440.73)
From which is deducted		
Depreciation	<b>(138.65)</b>	(140.68)
Leaving a Balance of	<b>(203.50)</b>	( 581.41 )
<b>TO WHICH IS ADDED :</b>		
Profit/Loss Brought Forward from Previous Years	<b>(275.46)</b>	305.95
Making an available surplus of which is Carried Forward to Next Year	<b>(478.96)</b>	(275.46)

**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 Company has earned royalty of Rs. 519.53 lacs compared to the last year's Rs. 578.64 lacs.

**Sugar Division :** The production of Sugar was higher to 42802 quintals compared to previous year's 48002 quintals. The recovery was higher to 8.10%. Though the cost of raw material and other inputs are increasing year after year in leaps and bounds the prices of suger is not allowed to increase which resulted in loss during the year under review.

The crushing operations for the season 2011-12 started on 8th December, 2011 which was continued for 69 days compared to the last year's 93 days. Performance of the Sugar Division compared to last year is as under :

<b>DETAILS</b>	<b>2011-2012</b>	<b>2010-2011</b>
Start of Crushing Season	<b>08.12.2011</b>	01.12.2010
Close of Crushing Season	<b>14.02.2012</b>	31.03.2011
Cane Crushed (in lacs Qtls)	<b>5.63</b>	6.95
Recovery (%)	<b>8.10</b>	7.18
Sugar Production (in Qtls)	<b>42,802</b>	48,002

**AGRICULTURE DIVISION:**

Sugarcane is a agro product and is fully dependent on nature. The supply of sugarcane from captive farms to the factory was more by 19.76% compared to last year.

Keeping in view the long term benefit the company every year plant trees. This year 30,000 trees were planted and about 325000 trees are standing as on 31.03.2012 planted by the Company in last 21 years.



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## DIRECTORS' REPORT

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

### INDUSTRIAL STRUCTURE

**Sugar Division:** The year 2011-12 was muted year for sugar industry. The Rs. 80,000/- crore industry is facing continuously the burnt of politically motivated policies. The Government continued to exercise controls mechanism over the sugarcane and sugar pricing, sell of sugar every month as also packing of sugar in jute bags, where as the jute production is not enough to cater the sugar industries' requirement. All these regulations, constraints are badly affecting the financial position of sugar industry. Certain State Governments had fixed very high and unrealistic sugarcane prices which had put further pressure on margins. During the year under review the production of sugar was 26 million tons, higher than the estimated production of 25 million tons. Due to high cost of raw material the arrear of cane growers payment had mounted to more than to about Rs.7000 crores. The Central Government had allowed export of sugar but not at the time when international prices werer emunerative. Due to the draught like situation in all sugar producing states, the sugar production during 2012-13 will be badly affected.

**Internal Control Systems :** The Company has a well-defined organisational structure, authority levels, guidelines and manuals which provide 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, 2012, the total permanent employees were 67 Nos.

### CURRENT OUTLOOK

**Marketing Division :** The Company is the owner of '**Khaibara**' Brand and will earning income from royalty.

**Sugar Division :** Sugar is a cyclical industry. By the time, there is a draught like situation and availability of sugarcane will be adversely affected. Higher cost of production due to overall increase in input cost and unviable sugar prices in the market will put stress on margins which will effect sugarcane payment resulting less plantation of sugarcane and diversion to alternative crops.

**Agriculture Division :** Sugarcane is the basic raw material for a sugar industry. Due to negligible rains till the time the yield during the year 2012-13 will be less resulting lower supplies to the factory. However, it is impossible to predict the weather conditions. A significant variation in climatic condition can affect yield recovery and profitability.

**Risks & Concerns :** The Indian Government influences sugarcane prices. Sugar prices are now less and likely to be hurt by regulations. Lower sugar prices in comparison to sugarcane prices mount high sugarcane arrears or low cane realisations could encourage cane growers to divert to alternative crops.

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 nil as on 31st March, 2012.

**DIRECTORS' REPORT**

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

**Auditors' Report :** The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further explanation. However due to the financial constraints and adverse condition of Sugar Industry instalments to financial institutions were delayed.

**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 excepts AS-22.
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 :** Mr. Sunil K. Khaitan 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 A B & Co. qualified Cost Accountants in place of M/s Prasad & Co. who had resigned 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 approve the appointment for the current financial year.

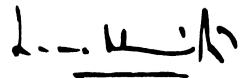
**Auditors :** M/s Chaturvedi & Co. Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

**Personnel :** Particulars of employees as required under section 217(2A) of the Companies Act, 1956 are not required as no one is getting Rs 60,00,000/- a year or Rs 5,00,000/- per month employed for part of the year.

**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 7th June, 2012



## 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 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 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

	2011-12	2010-11
a) Purchase Units (in lacs)	5.06	4.67
Total Amount (Rs. in lacs)	38.66	34.43
Rate per unit (Rs.)	7.64	7.37
b) Own Generation		
i) Through Diesel Generator		
Units (in lacs)	0.26	0.38
Units per litre of Diesel oil	4.00	3.80
Cost/Unit (Rs.)	11.03	10.87
ii) Through Steam Turbine/Generator		
Units (in lacs)	37.50	38.56
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.
3. Furnace Oil		N.A.
4. Others/Internal Generation		
Quantity of Fire Wood (Metric Tonnes)	30	5
Total Value (Rs. in lacs)	0.58	0.08
Rate per Unit (Rs.)	1.15	0.002
II. Consumption per Unit of Production		
Product - Sugar (Qtls).	45202	49902
Electricity (Units/Qtls. of Sugar)	94.75	87.40
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 and Captive Farms.
- d) Expenditure on R & D : N I L

#### 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

FOB Value of Exports	—	Rs. Nil
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 shareholders 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 comprised of 6 (Six) Members at the end of the financial year headed by an Executive Chairman of whom 2 (Two) are Wholetime Directors. Of these, 3 were non Executive Directors. There were three Independent Directors who construed 50 percent of the strength complies the requirement of Listing Agreement. The Board of Directors met 4 times during the financial year 2011-12. 4 (Four) Board Meetings were held on 30.05.2011; 23.08.2011; 12.11.2011; and 13.02.2012.

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	4 / 4	No	---	6	---
Mr. Sunil K Khaitan	VC&NED	4 / 4	Yes	---	3	---
Mr. M. K. Jalan	ID&NED	2 / 4	No	1	14	---
Mr. A.K. Kedia	ID&NED	3 / 4	No	2	9	---
Dr. V.K. Rungta	ID&NED	4/ 4	Yes	4	7	
Mr. S. Bafna	WTD	4 / 4	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

**Disclosure regarding Re-appointment of Directors**

As per Clause No. 49VI(A) of Listing Agreement, resume and other information of the Directors retiring by rotation are as under :-

Mr. Sunil K. Khaitan aged about 52 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 :-



## REPORT ON CORPORATE GOVERNANCE (Cont.)

Khaitan Electricals Ltd., Khaitan Lefine Ltd. & Khaitan Hotels Pvt. Ltd.

Mr. M. K. Jalan aged about 64 years is a Industrialist having vast experience of business and management. He is a Director of the Company since 1987. His other Directorships are as under:-

MKJ Enterprises Ltd., Keventer Agro Ltd., MKJ Developers Ltd., Metro Diary Ltd., The Right Address Ltd., Karan Housing Projects Ltd., Twenty First Century Securities Ltd. Bengal NRI complex Ltd., Moudlar Industrial Infrastructures Ltd., Cambridge Construction (Delhi) Ltd., MKJ Trades Ltd., Keventer Projects Ltd., Keventer Fress Ltd. & Keventer Foodpark Infra Limited.

**Remuneration of Directors:** Independent and Non Executive Directors were paid sitting fees of Rs.5,000/- per meeting of Board of Directors or any Committee thereof. The details of remuneration to the Directors during the period under review is as under :

NAME	SALARY & PERQUISITES	MEETING FEES	TOTAL (Rs. in Lacs)
Mr. S.K. Khaitan	42.55	---	42.55
Mr. Sunil K Khaitan	---	0.20	0.20
Mr. M. K. Jalan	---	0.15	0.15
Dr. V. K. Rungta	---	0.55	0.55
Mr. A..K. Kedia	---	0.30	0.30
Mr. S. Bafna	7.88	----	7.88

### Declaration Regarding Compliance By Board Members And Senior Management Personnel With The Company's Code of Conduct

The Company has adopted a Code of Conduct for its directors, officers and employees.

It is confirmed that the Company has in respect of the financial year ended 31st March, 2012, 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, 2012.

**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 30.05.2011; 23.08.2011; 12.11.2011; and 13.02.2012 during the period under review.

Members	Meetings Attended
Dr. V K Rungta	4
Mr. A.K. Kedia	3
Mr. M. K. Jalan	2

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

**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 2 (Two) 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** : 3 (Four) Meetings of Shareholders Grievance Committee were held on 11-08-2011; 12-11-2011; 13-02-2012.

Members	Meetings Attended
Dr. V K Rungta	3
Mr. S. Bafna	3

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

YEAR	LOCATION	DATE	TIME
2010-11	Merchant Chamber of Commerce 15-B, Hemant Basu Sarani, Kol-1	22-09-2011	11.30 A.M.
2009-10	Merchant Chamber of Commerce 15-B, Hemant Basu Sarani, Kol-1	27-09-2010	11.30 A.M.
2008-09	Merchant Chamber of Commerce 15-B, Hemant Basu Sarani, Kol-1	22-09-2009	11.30 A.M.

i) Special Resolutions were passed by show of hands.

**Disclosures**

1. There are no transactions of the Company of material nature with promoters, directors, 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**

The quarterly/half yearly/annual un-audited/audited financial results of the Company are posted to the stock exchanges immediately after they are approved by the Board of Directors and are published in the Financial Express and Arthik Lipi.

**Management Discussion & Analysis**

The Management Discussion and Analysis Report (MD & AR) is part of this report.

**Shareholders Information**

- a) Date, Time and Venue of Next Annual General Meeting : Wednesday the 26th September, 2012 at Merchant Chamber of Commerce At 11.30 a.m.15-B, Hemant Basu Sarani, Kolkata - 700 001



## REPORT ON CORPORATE GOVERNANCE (Cont.)

- b) Date of Book Closing : 20th to 26th September, 2012 (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 Ltd. which is pending. No payment of Listing Fee is paid to them.

Listing fees have been paid for the year 2011-12 to other Exchanges.

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 lodgement thereof, if the documents are clear in all respects.

Market Price												(2011-12)	
NSC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
HIGH	31.90	33.95	31.85	31.50	28.95	26.95	26.05	21.80	18.65	22.50	22.65	22.10	
LOW	28.15	27.00	26.60	26.65	22.20	22.80	19.60	18.25	16.10	18.65	19.85	19.15	

### Distribution of Shareholding as on 31st March, 2012

(a) According to Category of Holding :

Category	Shareholders		Shares	
	Nos	%	No.	%
Promoters Group	13	0.47	2451432	51.61
Banks, Financial Institutions	2	0.07	1234	0.03
Private Corporate Bodies	89	3.22	1274086	26.82
Indian Public	2655	96.02	1021745	21.51
NRI	5	0.18	1498	0.03
Others/Clearing Members	1	0.04	5	0.00
Total	2765	100.00	4750000	100.00

**REPORT ON CORPORATE GOVERNANCE** (Cont.)(b) **Pattern of Shareholdings as on 31st March, 2012 :**

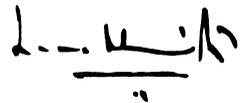
Shareholding Pattern	Shareholders		Shares	
	Nos.	%	Nos.	%
upto 500	2514	90.22	446824	9.41
501 to 1000	118	4.27	101269	2.13
1001 to 2000	54	1.95	77636	1.63
2001 to 3000	16	0.58	41399	0.87
3001 to 4000	7	0.25	24256	0.51
4001 to 5000	7	0.25	31842	0.67
5001 to 10000	14	0.51	108745	2.29
10001 and above	35	1.27	3918029	82.49
<b>Grand Total</b>	<b>2765</b>	<b>100.00</b>	<b>4750000</b>	<b>100.00</b>

Transfers of shares are 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

**D'mat Facilities:** The Company's shares are compulsorily traded in dematerialized form and are available for trading under both Depository Systems, NSDL and CDSL. As on 31.03.2012 a total of **4298517** Equity Shares of the Company were held in demat mode.

**Plant Location :** Khaitan Nagar, Plassey, Dist. Nadia, West Bengal.

For and on behalf of the Board



S K Khaitan  
Chairman

Kolkata  
the 7th June, 2012



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**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, 2012, 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.

60 Bentinck Street  
Kolkata-700069  
the 7th June, 2012

For CHATURVEDI & CO.  
Registration No. 302137E  
*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 2012, and also the statement of Profit & Loss 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. *The closing balances of debtors, some creditors, loans, advances, demat account and some bank balances are unconfirmed and Fixed Deposit receipts are not available with the Company.*
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, the Statement of Profit and Loss 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, the Statement of Profit & Loss 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-22 wherein Deferred Tax Assets of Rs. 3,26,43,751/- have not been written off.*



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- iv. In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to 5 (iii) above, Note 1 (f) regarding valuation of planted trees, Deferred Tax Assets amounting to Rs.3,26,43,751/- being recognised in Balance Sheet resulting in over statement of profit and understatement of liabilities to such extent*, 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, 2012.
- b) In the case of the Statement of Profit & Loss 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) above* in our opinion, the Company has kept proper books of account as required by law 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, 2012 and taken on records by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

60 Bentinck Street  
Kolkata-700069  
the 7th June, 2012

For CHATURVEDI & CO.  
Registration No. 302137E  
*Chartered Accountants*

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, 2012

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) 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 provisions of clause 3(b), (c) & (d) of paragraph 4 of the Order are not applicable to the Company.
  - iii) 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.141,005,364 (including interest) from two parties and the year end balance of loans taken is Rs. 141,005,364**
  - iv) 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.
  - v) According to the information and explanations given to us, the principal and interest amount where applicable are repayable on demand.
  - vi) In respect of the said loans, the same are repayable on demand and, therefore, the question of overdue amounts does not arise.
4. 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.



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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, 2012 (*Contd.*)

5. 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.
6. The Company had not accepted deposits from the public during the year. 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 are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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.
9. i) Undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Excise Duty, Cess, TDS and other material statutory dues have generally been regularly deposited with the appropriate authorities except Service Tax and TDS payment which has been delayed.  
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 :

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, 2012 (Contd.)

Name of the Statute	Nature of Class	Amount	Period to which is relating	Forum where dispute is pending
Maharashtra Sales Tax Act	Tax & Penalty on higher turnover on reassessment	94,87,225		Joint Commissioner & Sales Tax (Appellate) Mumbai
Income Tax Act, 1961	Income Tax	39,80,580	2008-09	Appeal filed by Company against Assessment order before CIT (A)
-Do-	-Do-	28,018	2007-08	Department filed appeal before ITAT
-Do-	-Do-	50,42,790	2006-07	Department filed appeal before ITAT
-Do-	-Do-	53,21,692	2005-06	Company filed appeal before ITAT
-Do-	-Do-	23,29,884	2004-05	Department filed appeal before ITAT
-Do-	-Do-	48,83,986	2003-04	Appeal filed before CIT(A)

10. The Company has accumulated losses at the end of the financial year and it has incurred cash losses during the financial year covered by our audit. It had incurred cash losses in the immediately preceding financial year also.
11. Based on our audit procedures and as per the information and explanations given by the management the company *has delayed in repayment of dues to financial institutions for term loan of all twelve instalments of Rs. 10 Lacs each pertaining to the period April to March, 12 delayed payment of last few monthly instalments of Rs. 1,135,000 of working capital term loan each and dealy in payment of monthly instalments of Rs. 440,750 of working Capital term loan from Bank during the whole year.*
12. 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.
13. 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.



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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, 2012 *(Contd.)*

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly, the provision of clause 4 (xiv) of Paragraph 4 of the order are not applicable to the Company.
15. 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.
16. Based on information and explanation given to us by the management, we report that the Company has not taken any term loan during the year.
17. According to the information and explanation given to us and on and 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.
18. The Company has not made any preferential allotment of share to the parties or companies covered in the register maintained u/s 301 of the Companies Act, 1956.
19. 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.
20. The Company has not raised any money through a public issue during the year.
21. 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.

For CHATURVEDI & CO.  
Firm Registration No. 302137E  
*Chartered Accountants*

Date : the 7th June, 2012  
Place : Kolkata

NILIMA JOSHI  
Partner  
(Membership No. 52122)

**BALANCE SHEET**
**AS AT 31ST MARCH, 2012**

Particulars	Notes No.	For theyear ended 2011-12 Rs.	For theyear ended 2010-11 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	<b>47,500,000</b>	47,500,000
Reserves & Surplus	4	<b>522,563,515</b>	543,503,468
<b>Non Current Liabilities</b>			
Long Term Borrowings	5	<b>41,236,334</b>	57,256,326
Long Term Provisions	6	<b>7,098,629</b>	6,817,470
<b>Current Liabilities</b>			
Short Term Borrowings	7	<b>351,638,426</b>	318,980,696
Trade Payables	8	<b>28,383,853</b>	51,329,412
Other Current Liabilities	9	<b>51,386,844</b>	65,036,785
Short Term Provisions	10	<b>1,730,217</b>	2,226,563
<b>TOTAL</b>		<b>1,051,537,818</b>	1,092,650,720
<b>II. ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	<b>632,399,759</b>	639,321,955
Non Current Investments	12	<b>165,302,044</b>	165,302,044
Deferred Tax Assets (Net)	13	<b>32,643,751</b>	32,643,751
Long Term Loans and Advances	14	<b>35,174,350</b>	30,027,659
Other Non Current Assets	15	<b>27,830,092</b>	29,373,045
<b>Current Assets</b>			
Current Investments	16	<b>30,000</b>	230,000
Inventories	17	<b>131,827,638</b>	135,479,871
Trade Receivables	18	<b>6,023,713</b>	39,282,676
Cash & Cash Equivalents	19	<b>7,747,397</b>	6,901,450
Short Term Loans and Advances	20	<b>12,118,386</b>	13,658,612
Other Current Assets	21	<b>440,688</b>	429,657
<b>TOTAL</b>		<b>1,051,537,818</b>	1,092,650,720

Notes to Accounts &amp; Significant Accounting Policies 1 to 40

The Notes referred to above form an integral part of Balance Sheet.

60 Bentinck Street Kolkata -700 069 the 7th June, 2012	For CHATURVEDI & CO. Registration No. 302137E Chartered Accountants Nilima Joshi Partner (Membership No 52122)	B. K. Choraria Secretary	SUNIL K. KHAITAN Vice Chairman A. K. Kedia Directors	S. K. KHAITAN Chairman V.K. RUNGTA Director S. BAFNA Executive Director
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## STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED AS ON 31ST MARCH, 2012

Particulars	Notes No.	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>REVENUE</b>			
Revenue from Operation	22	<b>259,542,154</b>	233,993,149
Other Income	23	<b>13,048,257</b>	3,244,245
<b>Total Revenue</b>		<b>272,590,411</b>	237,237,394
Cost of Materials consumed	24	<b>138,741,985</b>	169,938,836
Change in inventories of finished goods	25	<b>7,115,249</b>	(26,091,449)
Work in progress			
Other Manufacturing Expenses	26	<b>38,250,721</b>	32,652,594
Employees Benefits Expenses	27	<b>30,315,993</b>	31,474,696
Finance costs	28	<b>56,184,101</b>	47,180,482
Depreciation & Amortisation Expenses	11	<b>13,865,263</b>	14,068,184
Other Expenses	29	<b>8,467,007</b>	26,155,755
<b>Total Expenses</b>		<b>292,940,319</b>	295,379,098
<b>Profit/(Loss) Before Exceptional and Extraordinary items and tax</b>		<b>(20,349,908)</b>	(58,141,704)
<b>Profit/(Loss) Before Extraordinary items and tax</b>		<b>(20,349,908)</b>	(58,141,704)
Profit/(Loss) for the period from continuing operations		<b>(20,349,908)</b>	58,141,704
<b>Profit/(Loss) for the period</b>		<b>(20,349,908)</b>	(58,141,705)
Basic Earning Per Share of '10 each (In Rupees)	33	<b>(4.28)</b>	(12.24)
Diluted Earning Per Share of '10 each (In Rupees)	33	<b>(4.28)</b>	(12.24)
Notes to Accounts & Significant Accounting Policies The Note Nos. 1 to 40 are integrated part of these Financial Statements			

60 Bentinck Street Kolkata -700 069 the 7th June, 2012	For CHATURVEDI & CO. Registration No. 302137E Chartered Accountants Nilima Joshi Partner (Membership No 52122)	B. K. Choraria Secretary	SUNIL K. KHAITAN Vice Chairman A. K. Kedia Directors	S. K. KHAITAN Chairman V.K. RUNGTA Director S. BAFNA Executive Director
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**CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES**
**Cash Flow Statement for the year ended 31 March, 2012**

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash flow from operating activities</b>				
Net Profit/ (Loss) before extraordinary items and tax		(20,349,908)		(58,141,704)
Add Extraordinary items, if any debited to Profit & Loss A/c				
Provision for employees benefit-Gratuity	369,175		5,079,454	
FBT relating to 2006-07 now written off	123,535			
Bad Debtor written of Marketing division	256,216			
Prior period items debited to Profit & Loss A/c	382,071		2,703,184	
Provision for employees benefit-Leave encashment	(225,429)	905,568	628,687	8,411,325
		(19,444,340)		(49,730,379)
Less Extraordinary items, if any, credited to Profit & Loss A/c				
Liabilities/ Provision no longer written back	(300,924)			
Adjustment relating to earlier years	(3,989,485)			
Sundry Loans & Advances Written back	(123,338)	(4,413,747)		(24,768)
<b>A. Net Profit (Loss) before taxation and extraordinary items</b>		(23,858,087)		(49,755,147)
<b>Adjustments for : no cash items and non-operating items</b>				
<b>B. Add :-non-operating items</b>				
Depreciation and amortisation	13,865,263		14,068,184	
Interest on Borrowing	56,184,101	70,049,364	47,180,482	61,248,666
<b>C. Less :-</b>				
Interest income/received	443,083		222,794	
Dividend income received	2,562,027			
Rental Income Received	2,732,965		1,736,794	
Profit on sale of Fixed Assets	935,998	6,674,073		1,959,588
		63,375,291		59,289,078
Net cash flow after above adjustment-B & C		39,517,204		9,533,931
E. Decrease in current assets	36,900,166		(4,811,729)	
F. Decrease in current liabilities	(37,091,847)	(191,681)	55,152,040	50,340,311
<b>G. Cash generated from operation (A)</b>		39,325,523		59,874,242
<b>B. Cash flow from investing activities</b>				
(ii) Cash from investing account				
Proceeds from sale of fixed assets	936,000			
Proceeds from sale of investments	200,000			
Miscellaneous income ( sale of export licence )	1,795,070			
Interest & Dividend received	3,005,110		222,794	
Interest paid			(46,683,625)	
Rental income received	2,732,965		1,736,794	
Loans and advances-inflow	-5,146,691		1,858,132	
Other non-current assets-inflow	1,542,952			
Outflow of long term loan & advances	-			
Purchased of Fixed Assets	(6,984,330)	-1,918,924	(7,514,797)	(50,380,702)
Purchases of long-term investments				
Net cash from (or used in) investing activities (B)		-1,918,924		(50,380,702)



## CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES

### Cash Flow Statement for the year ended 31 March, 2012

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Rs.	Rs.	Rs.	Rs.
<b>C. Cash flow from financing activities</b>				
Short term loans and advances paid				
Short term loans and advances-inflow	(617,155)			
Short term loans and advances paid	2,157,379			
Short term borrowing net	(26,891)		397,798	
Inflow from unsecured loan	32,684,621		23,448,414	
Proceeds from long term Borrowings-paid	(16,019,992)			
Interest on loans paid	(56,184,101)		(24,024,476)	
Non cash Expenditure on account decrease in revaluation reserve	590,045			
Other loans and advances-inflow	855,443	36,560,651	(8,883,415)	9,061,679
Cash flow from financing activities-iii		36,560,651		(9,061,679)
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>		<b>845,947</b>		431,861
(v) Add cash and cash equivalents in the beginning of the year				
Cash in hand	446,326		546,046	
Cash at bank	1,807,671		1,539,711	
Short term deposit	4,647,453	6,901,450	4,383,832	6,469,589
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet :</b>		<b>7,747,397</b>		6,901,450
adjust cash flow (net increase/decrease and opening)				
(a) Cash on hand	1,298,556		446,326	
(i) In current accounts	1,597,831		1,807,671	
(iii) Short term deposit	4,851,010		4,647,453	
(iv) In earmarked accounts (give details) (Refer Note (ii) below)				
(d) Others (specify nature Remittance in Transit				
(e) Current investments considered as part of Cash and cash equivalents (Refer Note (ii) to Note 16 Current investments)		7,747,397		6,901,450

#### Notes :

- (i) The Cash Flow Statement reflects the combined cash flow pertaining to continuing and discounting operations.
- (ii) These earmarked account balances with banks can be utilised only for the specific purchases.

#### See accompanying notes forming part of the financial statements

60 Bentinck Street Kolkata -700 069 the 7th June, 2012	For CHATURVEDI & CO. <i>Registration No. 302137E</i> <i>Chartered Accountants</i> Nilima Joshi <i>Partner</i> (Membership No 52122)	SUNIL K. KHAITAN <i>Vice Chairman</i> A. K. Kedia <i>Directors</i>	S. K. KHAITAN <i>Chairman</i> V.K. RUNGTA <i>Director</i> S. BAFNA <i>Executive Director</i>
	B. K. Choraria <i>Secretary</i>		

**Notes on Financial Statement for the year ended 31st March, 2012****1. Corporate Information**

The Company is the owner of "Khaitan" Brand and getting royalty from its users. The Company is manufacturing sugar and cultivating sugarcane in its captive farms for utilizing the same for manufacturing sugar in its factory .

**2. Significant Accounting Policies****a) Basis of preparation of Financial Statements**

The financial statements have been prepared in accordance with generally accepted Accounting Standards in India and the provisions of the Companies Act, 1956.

**b) Basis of Accounting**

The Company follows accrual basis of accounting unless otherwise stated.

**c) Tangible Fixed Assets**

Fixed Assets (excluding Revalued Assets) are stated at cost including cost of installation and other incidental expenses. Assets of Rs.5000/- and below have been fully depreciated during the year of purchase.

**d) Depreciation & Amortisation**

Depreciation on Fixed Assets acquired after 31.08.1970 has been calculated on straight line method under Sec. 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**

Investments are stated at cost. Provision for diminution in value of investment is not made if they are long term in nature.

Investments, which are readily releasable and intended to be held for not more than one year from the date of investment made are classified as Current Investments. All investments other than long term investments are classified as non-current investments. Current Investments are valued at lower of Cost or Fair Value.

**f) Inventories**

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) Cash and Cash equivalents**

Cash comprises of cash on hand, balances with banks in current accounts and demand deposits with banks.

**h) Foreign Currency Transaction**

Transactions in foreign currencies are recognized 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.

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.

**i) Contingent Assets & Liabilities**

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.



- j) **Impairment of Assets**  
Impairment of losses, if any is recognised in accordance with the accounting standard issued in this regard by the Institute of Chartered Accountants of India.
- k) **Segmental Reporting**  
The company's operating business are organised and managed as per location of the client. Common cost is allocated to the cost based on the Revenue Mix. Unallocated cost is disclosed separately. The company prepares its segment information in conformity with the accounting policy adapted for preparing and presenting the financial statement of the Company as a whole.
- l) **Earning Per Share**  
Basic earning per share is calculated by dividing the net profit or Loss for the period attributable to equity shareholders.
- m) **Revenue Recognition**  
Sales are shown inclusive of excise duty and net of returns. Dividend income is recognised when right to receive is established.
- n) **Employees Benefits**  
Contribution of Employer's Share to Employee's Provident Fund are worked on accrual basis and charged to Profit & Loss Account. The Company also provides for gratuity and leave encashment based on actuarial valuation made by an independent actuary as per AS-15.  
The liability for Gratuity and leave encashment has been provided with Annual Contribution to the Life Insurance Corporation of India under its Group Gratuity-cum-Life Insurance Scheme/ Group Leave Encashment Scheme.
- o) **Leases**  
Lease rentals on operating leases are charged on a monthly basis to Accounts.  
Assets taken on Finance Lease have been capitalised during the year of Agreement and charged off in accordance with the applicable rate of depreciation.
- p) **Borrowing cost**  
Borrowing cost 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.
- q) **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 are capable of reversal in one or more subsequent periods.
- r) **Provisions**  
Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date.
- s) Excise duty under expenditure, represents payments made/ to be made during the year on goods cleared/ to be cleared.  
Payment of services where service tax is charged and credit for the same is taken as accounted net of service tax.
- t) 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 statement of Profit & Loss in the year of harvesting.

**Notes on Financial Statements for the year ended 31st March, 2012**

Particulars	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
2,47,50,000 Equity Shares of Rs.10/- each with voting rights	<b>247,500,000</b>	247,500,000
4,000 6% Income-Tax-Free Cumulative Preference Shares of Rs.100/- each	<b>400,000</b>	400,000
21,000 Preference Shares of Rs.100/- each	<b>2,100,000</b>	2,100,000
	<b>250,000,000</b>	250,000,000
<b>Issued &amp; Subscribed</b>		
* 47,50,000 Equity Shares of Rs.10/- each fully paid up	<b>47,500,000</b>	47,500,000
	<b>47,500,000</b>	47,500,000

The company has only one class of shares referred to as equity share having a par value of Rs.10/- Per Share Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the company, the holder of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the no. of shares and amount outstanding at the beginning and end of the accounting period	As at 31.03.2012		As at 31.03.2011	
	Number of Shares	Amount Rs.	Number of Shares	Amount Rs.
<b>Equity Share Capital</b>				
Opening Balance	<b>4,750,000</b>	<b>47,500,000</b>	4,750,000	47,500,000
Add : Increase	<b>Nil</b>	<b>Nil</b>	Nil	Nil
	<b>4,750,000</b>	<b>47,500,000</b>	4,750,000	47,500,000
Less : Decrease	<b>Nil</b>	<b>Nil</b>	Nil	Nil
	<b>4,750,000</b>	<b>47,500,000</b>	4,750,000	47,500,000

Details of shares held by each shareholder holding more than 5% of share capital	As at 31.03.2012		As at 31.03.2011	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Khaitan Lefin Limited	<b>1,131,561</b>	<b>23.82%</b>	1,131,561	23.82%
Khaitan Hotels Pvt. Ltd.	<b>555,745</b>	<b>11.70%</b>	511,190	10.76%
The Oriental Mercantile Company Limited	<b>393,948</b>	<b>8.29%</b>	393,948	8.29%



## Notes on Financial Statements for the year ended 31st March, 2012

Particulars		As at 31.03.2012 Rs.		As at 31.03.2011 Rs.
<b>4. RESERVES &amp; SURPLUS</b>				
REVALUATION RESERVE				
At the beginning of the year	411,175,769		411,175,769	
Less : On Disposal of Fixed Assets	590,045	<b>410,585,724</b>	—	411,175,769
GENERAL RESERVE				
As per last Balance Sheet		<b>159,874,197</b>		159,874,197
STATEMENT OF PROFIT & LOSS A/C				
At the beginning of the year	(27,546,498)		30,595,206	
Less : Transferred from deficit in Statement of Profit/Loss	(20,349,908)		(58,141,704)	
At the end of the year		<b>(47,896,406)</b>		(27,546,498)
<b>TOTAL</b>		<b>522,563,515</b>		543,503,468

Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>5. LONG TERM BORROWINGS</b>		
<b>A. Secured Loans from Banks</b>		
(i) Term loan from IDBI under Coporate Loan scheme	<b>24,468,750</b>	41,959,318
(ii) Working Capital Loan from IDBI	-	9,430,570
(iii) Working Capital Loan from BOB	-	5,723,640
	<b>24,468,750</b>	57,113,528
Less : Current Maturities of Term Loans (Refer Note no. 9)	<b>12,000,000</b>	12,000,000
Less : Overdue portion of Working capital loan (Refer Note no. 9)	-	15,154,210
	<b>12,468,750</b>	29,959,318
<b>B. From Others</b>		
Secured loan from sugar development fund	<b>28,767,584</b>	27,297,008
<b>TOTAL</b>	<b>41,236,334</b>	57,256,326

### Details of Security

- The Term Loan from IDBI is secured by mortgage of 1997 acres of Company agricultural land.
- Working Capital Term loan from IDBI and Bank of Baroda is Secured by hypothecation of Stock, Book debts, standing Corps, all Moveable Properties and Mortgage of 1603.21 acres of Company's Agriculture Land and second charge of Fixed Assets of Sugar Division and guarantee of its two directors, overdrafts against pledge of Fixed Deposit Receipts.
- Loan from Sugar Development Fund is secured by charge on specified assets and guaranteed by a director of the Company.

**Notes on Financial Statements for the year ended 31st March, 2012****Terms of Repayment of Secured Term Loans**

1. Term Loan from IDBI is repayable in 60 equal installments of Rs. 10 Lacs per month from April, 2009 to March, 2014 installments of Rs. 10 lacs each are due as on 31-03-2012. The applicable rate of interest is 15.25% and in case of default compound interest and penal interest is imposed.
2. a) Working Capital Term loan of Rs. 270 Lacs from IDBI was sanctioned with a moratorium of six months from 01-04-2009 and repayable in 24 monthly instalments @ Rs. 11,25,000 commencing from October, 2009. This amount has been fully repaid during the F. Y. 2011-12. The applicable rate of interest is 13.5%.  
b) Working Capital Term Loan of Rs. 105.78 Lacs from Bank of Baroda was sanctioned with a moratorium of nine months from April, 2009 and repayable in 24 monthly instalments of Rs. 4,40,750 from January, 2010. This amount has been fully repaid during the F. Y. 2011 - 12. The applicable rate of interest is 12.25%.
3. Loan from Sugar Development Fund for Rs. 287.55 lacs sanctioned on 31-03-1992 to be disbursed in 3 instalments upto 31-03-1995. However only one instalment of Rs. 132.19 lakhs was disbursed. Initially rate of interest was 9% p.a. and penal interest was 2.5% above normal rate of Interest. The interest rate was later revised to 4.5%. There was a moratorium of 3 years and Repayment of Principal was to be made in 4 equal annual instalment after expiry of moratorium period and interest on loan was payable annually. At present amount due on principal account is Rs. 8,563,117.14 and Rs. 20,204,467 towards interest. The Company has sent a proposal to Sugar Development Fund for concession / waiver of interest which is pending. Interest on loan of Rs. 1,470,576 for the year (Rs. 1,383,546) has been provided as per agreement.

**The Company has defaulted in repayment of loan and interest in respect of the following :**

1. Term Loan from IDBI was to be paid in monthly installment of Rs. 10 lacs. Although the full amount of Rs. 12,00,000 has been paid but the same has not been paid on due dates either in F.Y 2010-11 or 2011-12 and hence over and above the interest, compound interest and penalty on principal amount has been imposed.
2. The WCTL from IDBI was to be repaid in 24 monthly instalments of Rs. 11,25,000 each from October, 2009. There was delay / default in payment of monthly instalments throughout the repayment period from which interest and penal interest has been imposed. Out of total amount of instalment of Rs. 1,35,00,000 payable by 31-03-2011 an amount of Rs. 1,291,859.56 was paid. The total loan has been repaid on 31-12-2011.
3. The WCTL from Bank of Baroda was to be repaid in 24 monthly instalments of Rs. 4,40,750 from January, 2010. There was delay / default in payment of monthly instalments through out the repayment period for which interest and panel interest have been imposed. Out of total amount of instalment of Rs. 5,289,000 payable by 31-3-2011 an amount of Rs. 518,068 was paid. The total loan has been repaid on 31-03-2012.
4. The loan from Sugar Development Fund of Rs. 132.19 Lacs was repayable in 4 annual installments by 1999. There is a continuous default now. Principal amount of Rs. 46,56,883 has been paid and balance amount due is Rs. 8,563,117.14 on 31-03-2012 (F. Y. 2011-12) and interest due is Rs. 20,204,467 as on 31-03-2012.



## Notes on Financial Statements for the year ended 31st March, 2012

Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>6. LONG TERM PROVISIONS</b>		
Employee Benefits *		
Provision for Gratuity	<b>5,448,629</b>	5,079,454
Provision for Leave Encashment -	-	88,016
Provision for Income Tax	<b>1,650,000</b>	1,650,000
*Since the Actuary has not classified the provision for gratuity amount as current and non current, the entire amount has been taken as long term.		
<b>TOTAL</b>	<b>7,098,629</b>	6,817,470
<b>7. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Cash Credit Account	<b>32,119,235</b>	32,146,126
<b><u>Nature of Security :</u></b>		
Secured by hypothecation of stocks, book debts, standing crops, all movable properties and mortgage of 1603.21 acres of company's agricultural land and second charge of Fixed Assets of sugar division and guarantee of two of its directors, overdrafts against pledge of Fixed Deposit receipts.		
<b>Unsecured</b>		
Loans and advances from Related Parties	<b>314,219,191</b>	260,959,570
Inter Corporate Deposit	<b>5,300,000</b>	25,500,000
Short Term Loan	-	375,000
<b>TOTAL</b>	<b>351,638,426</b>	318,980,696
<b>8. TRADE PAYABLE</b>		
Other than Acceptances	<b>28,383,853</b>	51,329,412
<b>TOTAL</b>	<b>28,383,853</b>	51,329,412

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.

## Notes on Financial Statement for the year ended 31.03.2012

Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>9. OTHER CURRENT LIABILITIES</b>		
<b>Current maturity of long term debt</b> (Refer Note no.4)		
Term Loan from Banks		
Secured	<b>12,000,000</b>	12,000,000
<b>Overdue portion of Working Capital Loan</b> (Refer Note no.4)		
Term Loan from Banks		
Secured	-	15,154,210
<b>Other Payables</b>		
Trade / Security Deposits received	<b>14,260,734</b>	12,671,316
Interest Accrued & Due	<b>754,636</b>	713,466
Statutory Remittance	<b>8,738,315</b>	9,151,598
Dues of Employees	<b>2,117,228</b>	2,196,528
Contractually Reimbursible Expenses	<b>3,769,220</b>	3,782,878
Liability for expenses	<b>9,697,245</b>	9,366,789
Miscellaneous Payables	<b>49,466</b>	-
<b>TOTAL</b>	<b>51,386,844</b>	65,036,785
<b>10. SHORT TERM PROVISIONS</b>		
<b>EMPLOYEE BENEFITS</b>		
Provision for Bonus	<b>832,168</b>	719,839
Provision for Gratuity	<b>898,049</b>	636,724
Provision for FBT	-	870,000
<b>TOTAL</b>	<b>1,730,217</b>	2,226,563



## 11 FIXED ASSETS-TANGIBLE

Description	Gross Block-Cost/Book Value				Depreciation/Amortisation			Net Block		
	Total as at 01.04.2011	Addition/Adjustment during the year	Deduction/Adjustment during the year	Impairment/(reversal) during the year	Total as at 31.03.2012	Provided during the year	Deductions/Adjustment during the year	Total as at 31.03.2012	2011-12	2010-11
<b>Land</b>										
(a) Freehold	430,772,980	-	-	-	430,772,980	-	-	-	430,772,980	430,772,980
Leasehold										
<b>Buildings :-</b>										
(a) Factory	19,128,756	-	-	-	19,128,756	353,101	-	12,905,985	622,771	6,575,872
(b) Others	34,085,422	-	-	-	34,085,422	555,593	-	5,745,369	28,340,063	28,895,646
Railway Siding										
<b>Plant &amp; Machinery</b>	308,860,511	6,648,399	590,045	-	314,918,865	12,652,818	548,856	149,221,838	165,697,027	171,742,635
<b>Vehicles</b>	3,805,091	-	-	-	3,805,091	202,365	-	3,016,837	788,254	990,619
<b>Office Equipments</b>	1,778,737	85,095	-	-	1,863,832	28,219	-	1,741,444	122,388	65,512
<b>Furniture &amp; Fixtures</b>	2,583,291	250,836	-	-	2,834,127	73,241	-	2,378,939	455,188	277,593
<b>Ferry Right</b>	1,098	-	-	-	1,098	-	-	-	1,098	1,098
<b>TOTAL</b>	801,015,886	6,984,330	590,045	-	807,410,171	13,865,263	548,856	175,010,412	632,399,759	639,321,955

Note : Gross Block includes Rs. 513,021,623/- being the amount added on revaluation by an approved values of some of the Assets of the Company as on 31.03.1994

Notes on Financial Statement for the year ended 31st March, 2012

Number	Face Value Per Unit	Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
		<b>12. Non-Current Investments</b>		
		<b>Trade Investments (at Cost)</b>		
		Investment in Equity Shares fully paid up		
		<b>Quoted</b>		
1720752 (1,720,752)	10	Khaitan Electricals Ltd (Company under the same Management)	<b>82,376,331</b>	82,376,331
		<b>Unquoted</b>		
24300 (24,300)	10	Naturewealth Development Corpn Ltd	<b>243,000</b>	243,000
44980 (44,980)	10	The Oriental Mercantile Co Ltd	<b>1,401,113</b>	1,401,113
1294000 (1,294,000)	10	Khaitan Lefin Limited (Company under the same Management)	<b>77,640,000</b>	77,640,000
55500 (55,500)	10	Khaitan Hotels Pvt Ltd	<b>3,330,000</b>	3,330,000
		<b>Other Investments:</b>		
		<b>Quoted</b>		
3 (3)	100000	11.5% Maharashtra Krishna Vally Dev. Corpn.	<b>304,500</b>	304,500
		<b>Unquoted</b>		
		National Defence / Saving Certificates	<b>7,100</b>	7,100
		<b>Total Investments</b>	<b>165,302,044</b>	165,302,044
		Aggregate Value of		
		Quoted Investments	<b>82,680,831</b>	82,910,831
		Unquoted Investments	<b>82,621,213</b>	82,621,213
		Market Value of Quoted Investments	<b>124,056,068</b>	196,681,954

Notes : (1) National Defence / Saving Certificates are deposited with various Governemnt Departments as Security and very old for which no documents are avialable.

**13. Deferred Tax**

- a) Net Deferred tax assets as on 31.03.2012 is Rs 78,088,469 in accordance with Accounting Standard 222 'Accounting for taxes on Income' issued by ICAI. Out of above Deferred tax assets of Rs. 35,944,714 for the year has not been recognised by the Company due to uncertainty on prudence basis and opening Deferred Tax Assets of Rs 3,26,43,751/- has been kept in Balance Sheet.
- b) The break-up of net deferred tax asset is under:

	31.03.2012	31.03.2011
<b>DEFERRED TAX ASSET/ (LIABILITY)</b>		
DTA on account of brought forward losses	79,143,805.00	80,096,229.00
DTL on account of Fixed Assets	(1,055,339.00)	(9,653,614.00)
Deferred Tax Assets (Net)	78,088,466.00	70,442,615.00
Asset/(Liability) for the Year	35,944,714	37,798,864.00



Notes on Financial Statement for the year ended 31st March, 2012

Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>NON CURRENT ASSETS</b>		
<b>14. LONG TERM LOANS AND ADVANCES</b> (Unsecured considered good)		
Security Deposits	219,432	219,432
Planned Asset (Leave Encashment)	137,413	-
Advance Income Tax & FBT	1,921,881	2,915,416
Balance with Government authority(TDS)	32,895,624	26,892,811
<b>TOTAL</b>	<b>35,174,350</b>	<b>30,027,659</b>
<b>15. OTHER NON CURRENT ASSETS</b> (Unsecured considered good)		
Long Term Trade Receivables	26,781,510	28,434,266
In Deposit Accounts/Margin money	109,803	-
Interest on Land Compensasion	938,779	938,779
<b>TOTAL</b>	<b>27,830,092</b>	<b>29,373,045</b>

Long term trade receivable includes Rs.14,43,147/- which is under litigation and is considered good

<b>16. CURRENT INVESTMENT</b>		
<b>Other Current Investments(at cost)</b>		
<b>Quoted</b>		
12.5% Maharashtra State Road Dev. Corpn. (2 units of face value 100000/- each)	30,000	230,000
<b>TOTAL</b>	<b>30,000</b>	<b>230,000</b>
<b>Aggregate Value of :</b>		
Quoted Investments	30,000	230,000
Market value of quoted investment	30,000	230,000
<b>CURRENT ASSETS</b>		
<b>17. INVENTORIES (as certified by the Management)</b> (At lower of cost /estimated cost or market value/realisable value)		
Stores, Spares, Process Chemicals & Fuels	8,000,292	8,409,107
Planted Trees	63,057,731	62,587,215
Process Stock (Afforestation Scheme)	1,242,944	1,047,209
Stock of Other Crop	87,420	-
Process Stock of Standing Sugarcane	18,905,088	15,244,900
Loose Tools	540,170	524,262
Process stock (Sugar)	5,352,764	2,276,549
Finished Goods	34,641,229	45,390,629
<b>TOTAL</b>	<b>131,827,638</b>	<b>135,479,871</b>

## Notes on Financial Statement for the year ended 31st March, 2012

Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>18. TRADE RECEIVABLES</b>		
<b>Trade receivable outstanding for a period exceeding 6 months</b>		
Secured considered good	68,250	8,208,211
Unsecured considered good		
Doubtful debts		
Less : Provision for Doubtful Debts		
<b>Other Trade receivable</b>		
Secured considered good	5,955,443	31,074,465
Unsecured considered good		
Doubtful debts	1,018,381	1,018,381
Less : Provision for Doubtful Debts	(1,018,381)	(1,018,381)
<b>TOTAL</b>	<b>6,023,713</b>	<b>39,282,676</b>
<b>19. CASH &amp; BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash in hand and as Imprest	798,556	446,326
Remittance in Transit	500,000	-
Balance with Banks :		
In Current Accounts	1,581,336	1,798,456
In Deposit Accounts/ Margin money	4,851,010	4,647,453
In earmarked accounts (gratuity & superannuation scheme)	16,495	9,215
<b>TOTAL</b>	<b>7,747,397</b>	<b>6,901,450</b>
<b>20. SHORT TERM LOANS AND ADVANCES</b>		
Loans and Advances to related parties	5,948,081	5,948,081
Prepaid expenses (Secured & Considered good)	98,958	7,340
Advances to Employees (Secured & Considered good)	212,710	793,578
Cane Advances	1,748,148	1,418,599
Advance against expenses	528,545	1,870,114
Cenvat credit	392,192	627,134
Sales Tax Deposit/ Advance	1,258,862	1,258,862
Others (PF,ESI, etc.)	1,930,890	1,734,904
<b>TOTAL</b>	<b>12,118,386</b>	<b>13,658,612</b>
Cane Advances given to parties are considered good and recoverable by the management.		
<b>21. OTHER CURRENT ASSETS</b>		
Interest Receivable	440,688	429,657
<b>TOTAL</b>	<b>440,688</b>	<b>429,657</b>



Notes on Financial Statement for the year ended 31st March, 2012

Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>22. REVENUE FROM OPERATIONS</b>		
Sales of Products	214,985,523	182,849,206
Sales of Services	51,953,333	57,863,975
	266,938,856	240,713,181
Less : Excise Duty	7,396,702	6,720,032
<b>NET SALES</b>	<b>259,542,154</b>	<b>233,993,149</b>
<b>DETAILS OF REVENUE FROM OPERATIONS</b>		
<b>Sales of products comprises</b>		
<b>Manufactured goods</b>		
Sugar	131,885,851	106,883,733
Sugar cane	47,073,034	40,746,913
Molasses	23,560,077	21,504,282
Others	12,466,561	11,966,813
<b>Traded goods</b>	-	1,747,465
<b>TOTAL</b>	<b>214,985,523</b>	<b>182,849,206</b>
<b>23. OTHER INCOME</b>		
Interest Income	443,083	339,403
Dividend Income	2,562,027	-
Other Non-operating Income	10,043,147	2,904,842
<b>TOTAL</b>	<b>13,048,257</b>	<b>3,244,245</b>
<b>DETAILS OF Interest income</b>		
Interest on Fixed Deposit	443,083	339,403
<b>DETAILS OF other non operating income</b>		
Sale of Export Licence of Sugar	1,795,070	-
Profit on Sale of Fixed Assets	935,998	-
Depreciation on earlier year written back	548,856	-
Liability no longer required written back	300,924	14,647
Adjustment relating to earlier year	3,440,629	-
House Rent	6,769	7,117
Advance & Loan Written Back	-	10,121
Implement & Tractor hire charges realised	194,931	338,712
Grazing Grass & Sundries	-	25,000
Rent Receipt	2,732,965	1,729,677
Miscellaneous Income	87,005	779,568
<b>Total other non operating Income</b>	<b>10,043,147</b>	<b>2,904,842</b>
<b>24. COST OF MATERIAL CONSUMED</b>		
Raw & Process Materials Consumed	120,018,355	152,096,477
Power & Fuel	8,161,283	6,822,250
Stores, Spares, Chemicals & Packing Materials Consumed	10,562,347	11,020,110
<b>TOTAL</b>	<b>138,741,985</b>	<b>169,938,837</b>

## Notes on Financial Statement for the year ended 31st March, 2012

Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>25. CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND STOCK IN TRADE</b>		
Stock at Close - Process	68,410,495	64,863,764
Stock at Close - Finished	34,728,649	45,390,629
	<b>103,139,144</b>	<b>110,254,393</b>
Stock at Commencement - Process	64,863,764	67,639,548
Stock at Commencement - Finished	45,390,629	16,523,396
<b>TOTAL</b>	<b>110,254,393</b>	<b>84,162,944</b>
Increase/(Decrease) in Stock	<b>(7,115,249)</b>	<b>26,091,449</b>
<b>26. OTHER MANUFACTURING EXPENSES</b>		
Processing Charges	26,521,787	22,510,458
Repairs - Plant & Machinery	11,901,808	8,925,180
Repairs - Buildings	339,383	257,726
Excise Duty *	(512,257)	959,230
<b>TOTAL</b>	<b>38,250,721</b>	<b>32,722,594</b>
* Excise Duty Shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty and closing stock of finished goods		
<b>27. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages, Bonus, Gratuity & Allowances	26,524,820	22,581,348
Contribution to Provident & Superannuation Fund	3,052,930	7,965,183
Staff Welfare Expenses	738,243	928,165
<b>TOTAL</b>	<b>30,315,993</b>	<b>31,474,696</b>
<b>28. FINANCE COST</b>		
Interest Expenses on Term Loans	90,233,88	11,190,729
Interest Expenses on Overdrafts & Other Borrowings	5,149,774	8,457,430
Other Borrowings Cost	42,010,939	27,532,323
<b>TOTAL</b>	<b>56,184,101</b>	<b>47,180,482</b>
<b>29. OTHER EXPENSES</b>		
Rent	279,400	675,300
Rates & Taxes	797,357	940,577
Insurance	158,956	172,115
Advertisement, Publicity & Sales Promotion	7,724	15,231,856
Travelling & Other Incidental Expenses	1,114,387	1,030,816
Office Maintenance	488,562	662,523
Vehicle Running & Maintenance	1,187,537	1,119,204
Printing & Stationery	377,484	350,454
Communication Expenses	308,329	342,549
Staff Recruitment & Training	21,223	35,446
Auditors Remuneration - As Auditors	89,423	60,500
Legal, Professional & Consultancy Charges	1,611,418	1,506,246
Freight & Forwarding (Including Ocean Freight)	29,213	300,354
Directors' Sitting Fees	120,000	155,000
Miscellaneous Expenses	1,465,762	3,170,806
Commission And Brokerage	410,232	402,009
<b>TOTAL</b>	<b>8,467,007</b>	<b>26,155,755</b>



Notes on Financial Statement for the year ended 31st March, 2012

Particulars	For the year ended 2011-12 Rs.	For the year ended 2010-11 Rs.
<b>30. Auditors Remuneration - As Auditors</b>		
As Auditors	62,913	38,605
For Tax Audit	11,030	11,030
For Certification	21,510	10,865
<b>TOTAL</b>	<b>95,453</b>	60,500
<b>31. Prior Period Expenses</b>		
Rates and Taxes	-	3,414
Salary & Bonus	52,330	283,128
Repair to Building	104,109	200,000
Cane Price	63,256	-
Commission	162,376	-
Others	-	2,216,642
<b>TOTAL</b>	<b>382,071</b>	2,703,184
<b>32. Contingent Liabilities, not provided for, in respect of:</b>		
i) Guarantee/Sureties given by the Company for its Business Associates	3,050,000	3,050,000
ii) Counter Guarantee against Guarantees given by the bank to various authorities	2,528,172	2,528,172
iii) Estimated liabilities for Sales Tax relating to earlier years	9,487,225	9,487,225
iv) Income tax matters for earlier years (under appeals)	48,042,913	48,042,913
<b>33. Earning Per Share (EPS)</b>		
<b>I. Net Profit as per Profit and Loss Account available for Equity Shareholders</b>	<b>(20,349,908)</b>	(58,141,704)
<b>II. Weighted average number of equity shares for Earnings Per Share Computation</b>		
A. For Basic Earnings Per Share of Rs 10 each	4,750,000	4,750,000
B. For Diluted Earnings Per Share of Rs 10 each:		
No. of Shares for Basic EPS as per IIA	4,750,000	4,750,000
Add : Weighted Average outstanding option/ Shares related to FCCB	-	-
No. of Shares for Diluted Earnings Per Share of Rs 10 each	4,750,000	4,750,000
<b>III Earnings Per Share (Weighted Average)</b>		
Basic	<b>(4.28)</b>	(12.24)
Diluted	<b>(4.28)</b>	(12.24)

**34. 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	Unallocated Corp		Marketing Division		Sugar Division		Agriculture Division		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>REVENUE</b>										
Sales & Operating Income	—	—	<b>519.53</b>	596.11	<b>1,507.44</b>	1,262.11	<b>568.45</b>	481.71	<b>2,595.42</b>	2,339.93
Other Income	<b>27.92</b>	25.14	<b>25.96</b>	—	<b>73.89</b>	3.37	<b>2.73</b>	3.93	<b>130.48</b>	32.44
Increase/(Decrease) in Stock	—	—	—	(17.41)	<b>(76.73)</b>	276.93	<b>5.58</b>	1.39	<b>(71.15)</b>	260.91
<b>TOTAL REVENUE</b>	<b>27.92</b>	25.14	<b>545.49</b>	578.70	<b>1,504.60</b>	1,542.41	<b>576.76</b>	487.03	<b>2,654.75</b>	2,633.28
<b>RESULTS</b>										
PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION	<b>(28.19)</b>	(28.45)	<b>517.08</b>	402.66	<b>(108.45)</b>	(406.32)	<b>113.00</b>	63.16	<b>493.44</b>	31.05
Less :										
a) Depreciation	<b>(5.29)</b>	(5.29)	<b>(0.43)</b>	(1.08)	<b>(130.43)</b>	(131.81)	<b>(2.50)</b>	(2.50)	<b>(138.65)</b>	(140.68)
b) Interest	—	—	<b>(443.47)</b>	(334.00)	<b>(118.45)</b>	(137.80)	—	—	<b>(561.92)</b>	(471.80)
<b>TOTAL PROFIT BEFORE TAX</b>	<b>(33.48)</b>	(33.74)	<b>73.18</b>	67.58	<b>(357.33)</b>	(675.93)	<b>110.50</b>	60.66	<b>(207.13)</b>	(581.43)
Less :										
a) Provision for Taxation	—	—	—	—	—	—	—	—	—	—
b) Provision for Deferred Tax	—	—	—	—	—	—	—	—	—	—
<b>PROFIT AFTER TAX</b>	<b>(33.48)</b>	(33.74)	<b>73.18</b>	67.58	<b>(357.33)</b>	(675.93)	<b>110.50</b>	60.66	<b>(207.13)</b>	(581.43)
<b>CAPITAL EMPLOYED</b>										
Segment Assets	<b>1,925.17</b>	1,932.46	<b>652.07</b>	1270.10	<b>3859.01</b>	4153.90	<b>5,086.37</b>	5,076.58	<b>11522.63</b>	12433.04
Segment Liabilities	—	—	<b>3,939.88</b>	3,622.72	<b>1258.27</b>	1658.59	<b>4,038.95</b>	3,990.90	<b>9237.11</b>	9272.22
<b>TOTAL CAPITAL EMPLOYED</b>	<b>1,925.17</b>	1,932.46	<b>(3,287.82)</b>	(2,352.63)	<b>2,600.74</b>	2595.31	<b>1,047.42</b>	1,085.68	<b>2285.52</b>	3,160.83



### 35. TRANSACTION WITH RELATED PARTIES

Nature of Transaction	Key Management Personnel & Relatives (A)		Associates (B)		Total (Rs. in Lacs)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Remuneration	<b>42.55</b>	44.27	-	-	<b>42.55</b>	44.27
Sitting Fees	<b>0.20</b>	0.25	-	-	<b>0.20</b>	0.25
Residential Accomodation	<b>2.88</b>	2.52	<b>4.74</b>	4.74	<b>7.62</b>	7.26
Royalty Received	-	-	<b>519.53</b>	578.64	<b>519.53</b>	578.64
Interest Paid	-	-	<b>166.64</b>	8.36	<b>166.64</b>	8.36
b) Name of related party, description of relationship and outstanding as on 31st March, 2012						
Related Party	Relationship		Balance as on 31st March, 2012 (Rs.in lacs)		Balance as on 31st March, 2011 (Rs.in lacs)	
Khaitan Electricals Limited	Associates		132.91		318.37	
Khaitan Lefin Limited	Associates		81.14		52.97	
c) The significant transactions during the year with the related parties are as under :						
a) Khaitan Electricals Ltd (B)	Royalty Received		519.53			
	Interest Paid		156.06			
b) Khaitan Lefin Ltd (B)	Residential Accomodation		4.83			
	Interest Paid		10.58			
Madhu Bafna (B)	Residential Accomodation		2.88			
c) S K Khaitan (A)	Remuneration		42.55			
S Bafna (A)	Remuneration		7.88			
Sunil K Khaitan (A)	Sitting Fees		0.20			

### 36. Disclosure of employee benefits is as under:-

#### 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 recognized in the balance sheet represent the present value of the obligation as adjusted for unrecognized 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 recognized in the profit and loss account for the year ended 31st March, 2012 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2012 is as follows:-

## Notes on Financial Statement for the year ended 31st March, 2012

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

	Gratuity (Funded)		Leave Encashment (Funded)	
	2011-12	2010-11	2011-12	2010-11
1. Current Service Cost	<b>402,508</b>	4,17,925	<b>13,566</b>	2,07,725
2. Interest Cost	<b>699,154</b>	6,33,271	<b>70,334</b>	33,478
3. Expected Return on Plan Assets	<b>(251,671)</b>	(2,33,029)	<b>(59,156)</b>	-54,774
4. Net actuarial (gain) / Loss recognized in the year	<b>(480,816)</b>	(5,01,866)	<b>(250,173)</b>	1,80,462
5. Expenses recognized during the year	<b>369,175</b>	3,16,301	<b>(225,429)</b>	3,66,891

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

1. Present Value of Defined Benefit Obligation at the Beginning of the year	<b>8,225,340</b>	76,76,010	<b>827,461</b>	4,05,796
2. Interest Cost	<b>699,154</b>	6,33,271	<b>70,334</b>	33,478
3. Current Service Cost	<b>402,508</b>	4,17,925	<b>13,566</b>	2,07,725
4. Benefits Paid		-		-
5. Actuarial Gain (Losses)	<b>(732,487)</b>	(5,01,866)	<b>(309,329)</b>	1,80,462
6. Present Value of Obligation at the end of the year	<b>8,594,515</b>	82,25,340	<b>602,032</b>	8,27,461

**v. e) Change in Fair Value of Plan Assets during the year ended 31st March, 2012:**

1. Plan Assets at the Beginning of the year	<b>3,145,886</b>	29,12,857	<b>739,446</b>	6,84,672
2. Expected Return on Plan Assets	<b>251,671</b>	2,33,029	<b>59,156</b>	54,774
3. Actual Company Contribution		-		-
4. Actual Benefits Paid		-		-
5. Actuarial Gains.(Losses)	<b>(251,671)</b>	-	<b>(59,156)</b>	-
6. Plan Assets at the end of the year	<b>3,145,886</b>	31,45,886	<b>739,446</b>	7,39,446

**vi. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2012**

1. Present Value of Defined Benefit Obligation	<b>8,225,340</b>	76,76,010	<b>827,461</b>	4,05,796
2. Fair Value on Plan Assets	<b>3,145,886</b>	29,12,857	<b>739,446</b>	6,84,672
3. Funded Status (Surplus/(deficit))	<b>(5,079,454)</b>	(47,63,153)	<b>(88,015)</b>	2,78,876
4. Net Asset/(Liability) recognized in Balance Sheet	<b>(5,079,454)</b>	(47,63,153)	<b>(88,015)</b>	2,78,876

**vii. Actuarial Assumptions**

1. Discount Rate (per annum)	<b>8.50%</b>	8.25%	<b>8.50%</b>	8.25%
2. Salary Increases	<b>5%</b>	5%	<b>5%</b>	5%
3. Retirement / Super-Annuation Age	<b>58</b>	58	<b>58</b>	58



**viii. Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2012:**

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

**ix. 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 recognized in “Contribution to Provident & Other Funds” in “Salaries/Wages and Bonus” Schedule.’**

**37. There is no impairment of assets during the year.**

**38. No Borrowing cost have been capitalised during the year.**

**39. Advances, Debtors and creditors balances are subject to confirmation.**

**40. Previous year figures have been regrouped/ rearranged wherever necessary**

60 Bentinck Street Kolkata -700 069 the 7th June, 2012	For CHATURVEDI & CO. Registration No. 302137E Chartered Accountants Nilima Joshi Partner (Membership No 52122)	B. K. Choraria Secretary	SUNIL K. KHAITAN Vice Chairman A. K. Kedia Directors	S. K. KHAITAN Chairman V.K. RUNGTA Director S. BAFNA Executive Director
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**PROXY FORM**

I/We.....of.....  
.....being a member(s) of **Khaitan (India) Limited** hereby appoint.....

or failing him/her.....of.....  
as my/our proxy to vote for me/us on my/our behalf at the Seventy Fifth Annual General Meeting of the Company to be held on Wednesday, the 26th September, 2012 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.....2012



Signed by the.....

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.

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**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 Third Annual General Meeting of the Company to be held at Merchant Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata 700 001 on Wednesday, the 26th September, 2012 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.