FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the Company	KHAITAN (INDIA) LIMITED
2	Annual Financial statements for the year ended	31ST March, 2014
3	Type of Audit observation	Emphasis of matter as per Annexure "A"
4	Frequency of observation	As per Annexure "A"

Executive Director

Audit Committee
Chairman

CHATURVEDI & COMPANY
Auditor

ANNEXURE "A"

Reference No Of the Auditor Report	Emphasis of Matter	Frequency of Qualification
	Note no 2F regarding valuation of planted trees, regarding valuation of planted trees on estimated realizable value being technical in nature we are unable to express our opinion	Repetitive
Annexure to the Independent Auditor Report 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 been deposited with the appropriate authorities with delays. No undisputed Statutory dues were outstanding as at 31st March, 2014 for a period of more than six months from the date they become payable except Panchayet tax amounting to Rs.65461/-. Further Service Tax amounting to Rs.536588 has not been paid by the Company	2 years
Annexure to the Independent Auditors Report	Based on our Audit procedures and as per the information and explanation given by the management the Company has delayed in repayment of dues to financial institutions for term loan of all twelve installments of Rs.10 lacs each pertaining to the period April, 13 to March'14	2 years

Executive Director

Audit Committee Chairman

CHATURVEDI & COMPANY 50, Bentinck Street Kolkata 700069 Chartered Accountants

Auditor

FORM B

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the Company	KHAITAN (INDIA) LIMITED
2	Annual Financial statements for the year ended	2013-2014
3	Type of Audit qualification	Qualified as per Annexure "B"
4	Frequency of qualification	As per Annexure "B"
5	Additional comments from the board/audit committee chair	As per Annexure "C"

Executive Director

Audit Committee Chairman

CHATURVEDI & COMPANY
Kolkata-700 069
Chartered Accountants

Auditor

ANNEXURE "B"

Reference No Of the Auditor Report	Type of Audit Qualification	Frequency of Qualification
	Qualified	
Basis of qualified opinion in paragraph 5A of Independent Auditors Report	Attention is provided to Note N-14 regarding deferred tax assets which have not been written off amounting to Rs.32643751/- being recognized in the Balance Sheet. If the deferred tax assets had been written off during the year there would be a loss of Rs.51046258/- as against the loss of Rs.18402507/- shown in these financial statement. Deferred tax asset balance in the Balance Sheet would amount to NIL as against Rs.32643751/- as disclosed in these financial statement.	Last 5 years
Basis of qualified opinion in Paragraph 5B Independent Auditors Report	Closing balances of Debtors, Creditors, Loans, Deposits, Advances, Capital advances taken against land old liabilities relating to gratuity land rent and panchayet tax and some bank balances are unconfirmed and fixed deposit receipts and National Savings Certificate are not available with the Company in respect of which we are unable to express our opinion	Repetitive

Executive Director

Audit Committee Chairman

CHATURVEDI & COMPANY Chartered Accountants

Auditor

ANNEXURE "C"

Reference No Of the Auditor Report	Relevant Note in the Annexure Financial Statement	Management's response to the qualification in the Directors Report	
1. Qualified Basis of qualified opinion in the Independent Auditors Report Para 5(a)	Net Deferred tax assets as on 31.03.2014 is Rs.87123847/- (previous year Rs.81866414/-) in accordance with Accounting Standard 22 Accounting for taxes on Income issued by ICAI. Out of above Deferred Tax assets of Rs.54480096/- (Previous year Rs.49222663/-) has not been recognized due to uncertainty on prudence basis and opening deferred tax asset of Rs.32643751 has been kept in Balance Sheet.	Deferred Tax Assets represent brought forward balances from earlier years which shall be written off in due course	The Sugar Industry of the country is facing much hardship for last 7-8 years and due to huge loss the deferred tax assets could not be written off. The same will written in due course
-do- Para 5(b)	-----	The company is taking steps to get the balance confirmations from debtors, creditors, loans deposits capital advance against land and confirmation from Bank	The company is purchasing sugarcane, being a sugar industry from 4,000 growers and other material purchase from numerous parties. It is difficult to take confirmation from all such parties. However management is taking steps for the same

Executive Director

Audit Committee Chairman

Auditor