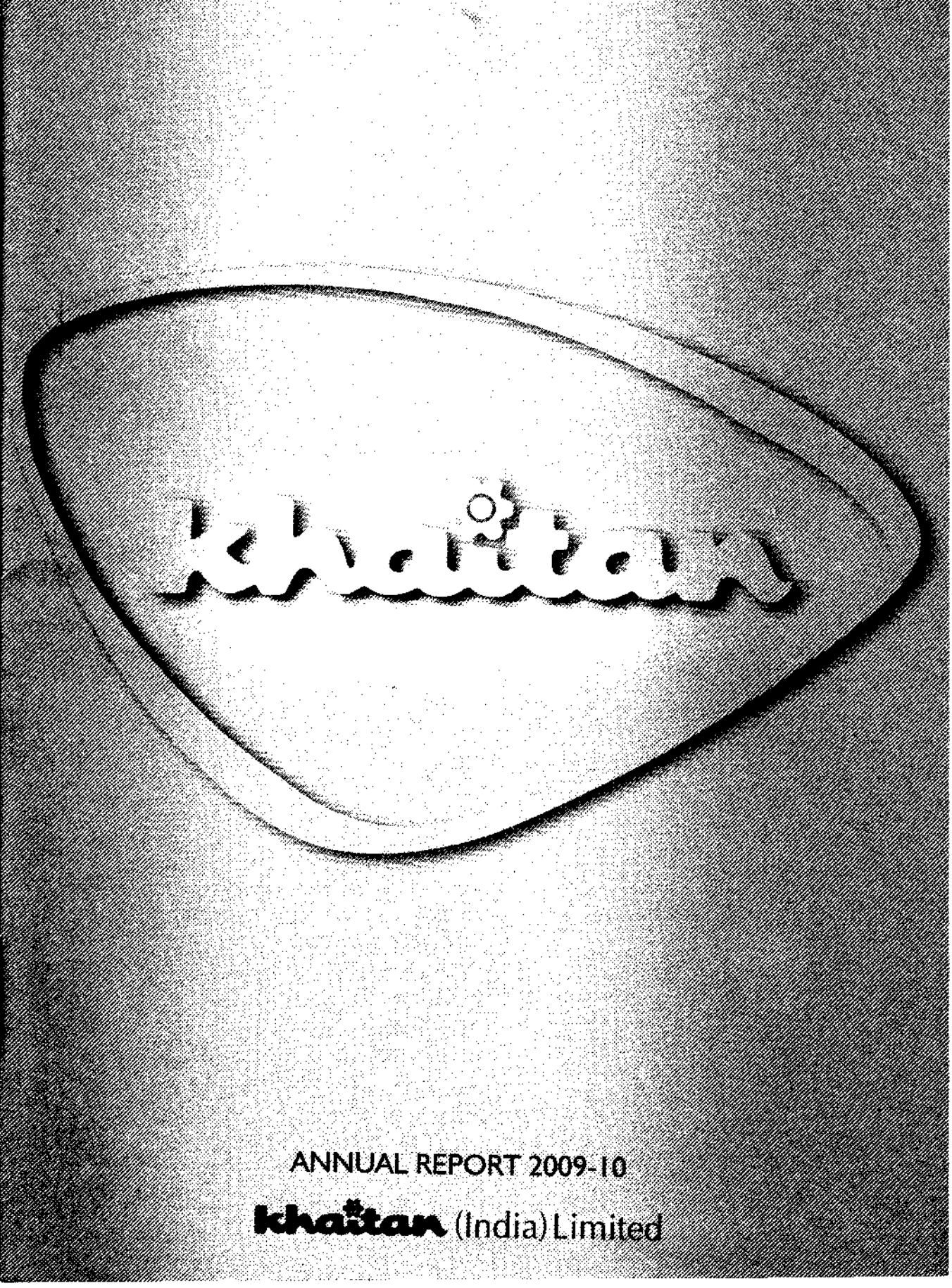


ANNUAL REPORT 2009-10

khaitan (India) Limited

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, 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

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy Third Annual General Meeting of Khaitan (India) Limited will be held on Monday the 27th September, 2010 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, 2010 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 K. 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.

By Order of the Board

Registered Office :
46-C, J.L. Nehru Road
Kolkata-700071
the 23rd July, 2010

B.K. Choraria
Company Secretary

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 that 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, 2010 to 27th September, 2010 (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.

DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT

TO THE MEMBERS

KHAITAN (INDIA) LIMITED

Your Directors have pleasure in presenting their Seventy Third Annual Report together with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Sales & Operating Income were	**1771.30**	1910.04
Profit for the year was	**(158.75)**	(127.67)
From which is deducted		
- Depreciation	**(158.86)**	(164.00)
- Provision for Fringe Benefit Tax	**---**	(3.00)
Leaving a Balance of	**(317.61)**	(294.67)
TO WHICH IS ADDED :		
- Deferred Tax Assets	**---**	205.90
- Income Tax for Earlier Years	**0.67**	(4.84)
- Prior Period Expenses	**(31.97)**	71.44
- Profit Brought Forward from Previous Years	**654.86**	677.03
Making an available surplus of which is Carried Forward to Next Year	**305.95**	654.86

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. 470.12 lacs compared to the last year's Rs. 368.32 lacs.

Sugar Division : Year 2009-10 was an another bad year for sugar industry. Production as well as yield of sugarcane was less during the year. In anticipation of reasonable sugar prices due to increase in cost of outputs, the price of sugarcane was increased but barring a short span the sugar price dipped by around 35%. Lower crushing, higher cost of raw material etc. resulted in loss during the year under review.

The crushing operations for the season 2009-10 started on 18th November, 2009 which was continued for 47 days compared to the last year's 54 days. Performance of the Sugar Division compared to last year is as under :

DETAILS	**2009-2010**	2008-2009
Start of Crushing Season	**18.11.2009**	05.12.2008
Close of Crushing Season	**04.01.2010**	27.01.2009
Cane Crushed (in lacs Qtls)	**2.94**	2.94
Recovery (%)	**7.04**	6.44
Sugar Production (in Qtls)	**18,383**	16,259

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 0.04% compared to last year as more cane was given to growers for seed purpose.

During the year about 20000 trees were planted. About 349222 trees out of those planted in last 19 years were standing as on 31.3.2010. Necessary care is taken to nurture the same to fetch long term benefit.

INDUSTRIAL STRUCTURE

Sugar Division: The Sugar Industry has been regulated from quite a long time. In the year 2006-07, there was an all time high production of 26 million tons but export was banned which led to collapse in sugar prices. Due to such fall in sugar prices and accumulations of cane price arrears, it affected the cane plantation which was cause for lower sugar production and switching from sugar export to sugar import. The same continued during sugar year 2009-10. To bridge the gap of sugar produced and estimated consumption, duty free import was allowed at zero duty without quantitative limit. Bringing raw sugar for process and to export again was also released by the Central Government. The Central Government was declaring Statutory Minimum Price (SMP) for sugarcane every year. On 21st October, 2009, Central Government came out with an ordinance that it will, henceforth, announce a Fare and Remunerative Price(FRP) for sugarcane instead of statutory minimum price which was higher by Rs 48.55 per qlt. of sugarcane. The Central Government had also increased the levy sugar quota from 10% to 20%. The production of sugarcane was less and hence the price of sugarcane was paid very high as compared to Remunerative & Fare Price of Sugarcane. But in brining down the sugar prices in the open market the Government had allowed duty free imports, put curb on bulk consumers for making stock of domestic sugar etc. which has resulted drastic reduction in sugar prices in the market.

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 budgetory control system and actual performance is monitored by the managernent consistently.

DIRECTORS' REPORT

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

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, 2010, the total permanent employees were 106 Nos.

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

CURRENT OUTLOOK

Marketing Division : The company is the owner of 'Khaitan' Brand and will earn royalty income.

Sugar Division : Encouraged by the higher prices of sugarcane, the sugarcane was planted in more areas but due to no rain from October, 2009 to May, 2010, it will have bad impact on standing corp. Further due to low sugar prices, the sugarcane price will be less than that from the season 2009-10. It may effect adversely the plantation of sugarcane next year.

Agriculture Division : Sugarcane is the principal raw material for a sugar industry. There has practically no rains from October, 2009 till May, 2010 which will have a adverse impact on standing crop. It is impossible to predict the weather conditions.

Risks & Concerns : The Indian Sugar Industry exposed for high cyclicality which is usually four years 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 nil as on 31st March, 2010.

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 and 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 as 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 annexures 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 Baord

S K KHAITAN
Chairman

Kolkata
the 23rd July, 2010

ANNEXURE TO DIRECTORS' REPORT

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

	2009-10	2008-09
A. CONSERVATION OF ENERGY		
I. Power and Fuel Consumption		
1. Electricity		
a) Purchase Units (in lacs)	**4.69**	6.06
Total Amount (Rs. in lacs)	**31.91**	37.25
Rate per unit (Rs.)	**6.80**	6.15
b) Own Generation		
i) Through Diesel Generator Units (in lacs)	**0.61**	0.91
Units per litre of Diesel oil	**4.06**	3.96
Cost/Unit (Rs.)	**8.88**	8.73
ii) Through Steam Turbine/Generator Units (in lacs)	**12.74**	5.58
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)	**214**	358
Total Value (Rs. in lacs)	**3.28**	5.27
Rate per Unit (Rs.)	**0.28**	0.95
II. Consumption per Unit of Production		
Product - Sugar (Qtls).	**20713**	18,662
Electricity (Units/Qtls. of Sugar)	**87.10**	67.21
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

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

BOARD OF DIRECTORS

The Board of Directors comprised 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 four Independent Directors who construed 75 percent of the strength against the requirement of minimum 50 percent as per Listing Agreement. The Board of Directors met 5 times during the financial year 2009-10. 5 (Five) Board Meetings were held on 29.05.2009; 29.06.2009; 30.07.2009; 30.10.2009 and 30.01.2010.

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 / 5	No	---	6	---
Mr. Sunil K Khaitan	VC&NED	5 / 5	Yes	---	3	---
Mr. R.S.Goenka *	ID&NED	1 / 5	Yes	2	9	3
Mr. S.K. Todi *	ID&NED	2 / 5	Yes	2	21	5
Mr. M.K. Jalan	ID&NED	1 / 5	No	1	14	---
Mr. A.K. Kedia	ID&NED	2 / 5	No	2	11	---
Dr. V.K. Rungta	ID&NED	5 / 5	No	5	8	---
Mr. S. Bafna	WTD	5 / 5	Yes	4	1	---

* Ceased w.e.f. 30.10.2009

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 Krishna Khaitan, B.Com., M.B.A. aged about 50 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 :-

Khaitan Electricals Limited, Khaitan Lefin Limtied, & Khaitan Hotels Pvt. Ltd

REPORT ON CORPORATE GOVERNANCE *(Cont.)*

Mr. M.K. Jalan, aged about 62 years is an 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 Limited, Keventer Agro Limited, Madanlal Limited, MKJ Developers Limited, Metro Dairy Limited, The Right Address Limited, Karan Housing Projects Limited, Twenty First Century Securities Limited, Bengal NRI Complex Limited, Modular Industrial Infrastructures Limited, Cambridge Construction (Delhi) Ltd., MKJ Tradex Limited, Keventer Projects Limited, Keventer Fresh Limited and 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
Mr. S.K. Khaitan	41,40,445	---	41,40,445
Mr. Sunil K Khaitan	---	29,000	29,000
Mr. R.S. Goenka *	---	4,000	4,000
Mr. S.K. Todi *	---	8,000	8,000
Mr. M.K. Jalan	---	5,000	5,000
Dr. V K Rungta	---	41,000	41,000
Mr. A.K. Kedia	---	12,000	12,000
Mr. S. Bafna	9,69,965	---	9,69,965

* Ceased w.e.f. 30.10.2009

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, 2010, 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, 2010.

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 29-06-2009; 30-07-2009; 30-10-2009 and 30-01-2010 during the period under review.

REPORT ON CORPORATE GOVERNANCE *(Cont.)*

Members	Meetings Attended
Mr. R.S. Goenka *	1
Mr. S.K. Todi *	2
Dr. V K Rungta	4
Mr. A.K. Kedia	1
Mr. S Bafna	2

* Ceased w.e.f. 30.10.2009

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 5 (five) 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 27-04-2009; 21-07-2009; 12-10-2009 and 18-01-2010.

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

Review Committee : 2 (Two) Meetings of Review Committee were held on 26.08.2009 and 20.11.2009.

Members	Meetings Attended
Dr. V K Rungta	2
Mr. S. Bafna	2

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

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

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

Special Resolutions were passed by show of hands.

REPORT ON CORPORATE GOVERNANCE *(Cont.)*

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	:	Monday the 27th September, 2010 at Merchant Chamber of Commerce At 11.30 a.m.
b) Date of Book Closing	:	20th to 27th September, 2010 (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 Fees is paid to them.

Listing fees have been paid for the year 2009-10 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 lodgment thereof, if the documents are clear in all respects.

Market Price

(2009-10)

NSC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
HIGH	13.80	17.35	22.85	22.40	18.20	22.00	22.50	21.50	24.90	26.00	25.50	25.00
LOW	12.40	13.00	17.05	18.40	16.40	17.25	18.85	18.00	18.60	21.45	21.25	21.00

REPORT ON CORPORATE GOVERNANCE *(Cont.)*

Distribution of Shareholding as on 31st March, 2010

(a) According to Category of Holding :

Category	Shareholders		Shares	
	Nos	%	No.	%
Promoters Group	29	1.11	2450273	51.54
Banks, Financial Institutions	3	0.11	1444	0.03
Private Corporate Bodies	119	4.52	1110147	26.62
Indian Public	2574	93.92	1186668	21.73
NRI	6	0.34	1504	0.08
Total	2719	100	4750000	100

(b) **Pattern of Shareholdings as on 31st March, 2010 :**

Shareholding Pattern			Shareholders		Shares	
			Nos.	%	Nos.	%
	upto	500	2426	89.22	464803	9.79
501	to	1000	145	5.33	123675	2.61
1001	to	2000	60	2.21	88269	1.86
2001	to	3000	18	0.66	44220	0.93
3001	to	4000	11	0.41	37634	0.79
4001	to	5000	6	0.22	26815	0.56
5001	to	10000	18	0.66	140298	2.95
10001	and	above	35	1.29	3824286	80.51
	Grand Total		2719	100.00	4750000	100.00

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 31.03.2010 a total of 4077804 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 23rd July, 2010

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERANCE 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, 2010, 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

NILIMA JOSHI
Partner

60 Bentinck Street
Kolkata-700069
the 23rd July 2010

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 2010, 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. *The closing balances of debtors, some creditors, loans, 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 & Los 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-15 where accruing gratuity/leave encashment is treated on cash basis in Sugar & Agriculture Divisions and AS-22 wherein Deferred Tax Assets have not been written off.*

   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.69,79,202 and Rs.2,61,796, Note-16 regarding Deferred Tax Assets amounting to Rs.3,26,43,751/- has been recognised in Balance Sheet resulting in over statement of profit and understatement of liabilities to such extent of the notes to Accounts in Schedule N and* read together with other Notes give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

AUDITORS' REPORT *(Contd.)*

a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010.

b) In the case of the Profit & Loss Account, of the Loss for the year ended on that date, and

c) In the Case of Cash Flow Statement of the cash flow for the year ended on that date.

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, 2010 and taken on records by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 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 23rd July, 2010

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, 2010

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.7,02,97,022 (including interest) from two parties and the year end balance of loans taken is Rs.43,47,022.**
   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 explanation 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.
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.

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, 2010 *(Contd.)*

6. The Company had 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 166,000 have been paid but cheques has not cleared till date.*

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 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 :

Name of the Statute	Nature of Class	Amount Rs.	Forum where dispute is pending
Maharastra Sales Tax Act	Tax & penalty on higher turnover on reassessment	94,87,225	Joint Commissioner & Sales Tax (Appellate) Mumbai
Income tax Act. 1961	Applicability of Rule 8D on Agriculture Income	4,80,42,913	Commissioner of Income Tax and Income Tax Tribunal

10. The Company does not have accumulated losses at the end of the financial year and it has incurred cash losses amounting to Rs.1,58,75,206 during the financial year covered by our audit. It had incurred cash losses amounting to Rs.1,27,66,540 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, 2010 *(Contd.)*

11. Based on our audit procedures and as per the information and explanations given by the management, the company had applied for reschedulement of dues last year and the same have been accepted by the Bank and repayment falls due w.e.f. 01-04-2009. *Company has defaulted in repayment of dues to financial institutions, amounting to Rs. 30,00,000 on loan taken from IDBI Bank.*

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.

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 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.
Chartered Accountants

Nilima Joshi
Partner
(Membership No.52122)

60, Bentinck Street
Kolkata 700 069
On 23rd July 2010

BALANCE SHEET

AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	**47,500,000**	47,500,000
Reserves & Surplus	B	**601,645,172**	636,636,371
		649,145,172	684,136,371
Loan Funds			
Secured Loans	C	**140,183,339**	156,325,611
Unsecured Loans	D	**159,650,107**	92,579,829
		299,833,446	248,905,440
		948,978,618	933,041,811
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		**793,758,799**	810,770,422
Less : Depreciation		**147,883,453**	147,062,273
Net Block		**645,875,346**	663,708,149
Capital Work-in-Progress		**-**	249,905
		645,875,346	663,958,054
Investments	F	**165,532,044**	165,532,044
Deferred Tax Aseets		**32,643,751**	32,643,751
Current Assets, Loans & Advances	G		
Inventories		**106,987,479**	98,552,469
Sundry Debtors		**59,041,208**	50,299,140
Cash & Bank Balances		**6,469,589**	6,410,568
Loans & Advances		**46,850,814**	54,502,228
		219,349,090	209,764,405
Less : Current Liabilities & Provisions	H	**114,421,613**	138,856,443
Net Current Assets		**104,927,477**	70,907,962
		948,978,618	933,041,811

NOTES ON ACCOUNTS N

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

60 Bentinck Street
Kolkata -700 069
the 23rd July, 2010

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

B. K. Choraria
Secretary

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

S. K. KHAITAN
Chairman
M. K. JALAN
A. K. KEDIA
V. K. RUNGTA
Directors

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	31.03.2010 Rs.	31.03.2009 Rs.
INCOME			
Net Sales and Operating Income	I	**177,129,923**	191,003,542
Other Income	J	**5,065,421**	11,347,533
Increase/(Decrease) in Stocks	K	**1,161,289**	(33,536,585)
		183,356,633	168,814,490
EXPENDITURE			
Raw Materials		**68,656,724**	44,923,417
Purchases		**-**	13,445,020
Packing Materials		**1,099,621**	783,244
Salaries, Wages & Other Benefits	L	**23,523,712**	23,681,407
Cultivation, Manufacturing and Other Expenses	M	**66,135,503**	61,428,337
Interest		**39,816,276**	37,319,605
		199,231,836	181,581,030
PROFIT (LOSS) BEFORE DEPRECIATION AND TAX		**(15,875,203)**	(12,766,540)
Depreciation		**15,886,421**	16,400,355
PROFIT /(LOSS) BEFORE TAX		**(31,761,624)**	(29,166,895)
Provision for Fringe Benefit Tax		**-**	300,000
PROFIT / (LOSS) AFTER TAX		**(31,761,624)**	(29,466,895)
Provision for Deferred Tax Assets		**-**	20,589,893
Prior Period Adjustments		**(31,761,624)**	(8,877,002)
Income tax for Earlier Years		**66,990**	(483,648)
Prior Period Expenses		**(3,197,115)**	(2,686,572)
Depreciation Written Back		**-**	9,831,411
		(34,891,749)	(2,215,811)
Balance brought forward from last year		**65,486,955**	67,702,766
		30,595,206	65,486,955
APPROPRIATIONS			
Balance carried to Balance Sheet		**30,595,206**	65,486,955
		30,595,206	65,486,955
BASIC/DILUTED EARNINGS PER SHARE (Note 17)		**-7.35**	-0.65
NOTES ON ACCOUNTS	N		

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

60 Bentinck Street
Kolkata -700 069
the 23rd July, 2010

For CHATURVEDI & CO.
Chartered Accountants
Nilima Joshi
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V. K. RUNGTA
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10 Rs./lacs	2008-09 Rs./lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	**(317.62)**	(291.67)
Adjustment for :		
Depreciation	**158.86**	164.00
Interest Paid	**398.16**	(50.32)
Interest Received	**(10.06)**	373.19
Provision for Bad & Doubtful Debts	**10.18**	—
Profit/Loss on Sale of Investments/Fixed Assets	**(0.07)**	(29.97)
Non Cash Expenditure	**(0.99)**	(10.13)
Liabilities, no longer required, written back	**(5.53)**	(4.75)
Operating profit before working capital changes	**232.95**	150.35
Adjustment for :		
Other Receivables	**130.25**	219.81
Trade Receivables	**(97.61)**	1,537.67
Inventories	**(84.35)**	378.31
Trade payable	**(232.82)**	(1,881.63)
Cash Generated from Operation	**(51.57)**	404.51
Income Tax paid (net of refunds)	**(59.06)**	(68.54)
Cash Flow before extraordinary items	**(110.63)**	335.97
Extraordinary Items :		
Prior period expenses	**(31.97)**	(26.86)
Net Cash from Operating Activities	**(142.60)**	309.11
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	**39.35**	50.31
Sale of Investments	**-**	4.00
Interest Received	**10.06**	16.16
Dividend Received	**-**	34.16
Purchase of Fixed Assets	**(17.32)**	(76.48)
Net Cash(Outflow) from Investing Activities	**32.09**	28.15
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	**707.23**	154.47
Repayments of Borrowings	**(209.56)**	(161.95)
Interest paid	**(386.56)**	(373.19)
Net Cash Outflow from Investing Activities	**111.11**	(380.67)
Net Cash Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	**0.60**	(43.41)
Cash & Cash Equivalent at beginning of the year	**64.10**	43.41
Cash & Cash Equivalent at end of the year	**64.70**	64.10

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 23rd July, 2010

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

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

S. K. KHAITAN
Chairman
M. K. JALAN
A. K. KEDIA
V. K. RUNGTA
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE A		
SHARE CAPITAL		
Authorised		
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
	250,000,000	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
* 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	**411,275,219**	422,117,143
Less : Adjustment on Sale of Revalued Asset	**99,450**	1,013,290
Less : Prior period adjustment on account of Depreciation	**-**	9,828,636
	411,175,769	411,275,219
General Reserve		
Balance as per last Balance Sheet	**159,874,197**	159,874,197
Profit & Loss Account	**30,595,206**	65,486,955
Balance as per Annexed Account	**601,645,172**	636,636,371

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE C		
SECURED LOANS		
From Scheduled Banks		
Cash Credit	**31,748,327**	70,855,200
Working Capital Term Loan	**30,052,800**	—
(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	**52,468,750**	60,468,750
(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	**8,563,117**	8,563,117
(Secured by charge on specified assets and guaranteed by a Director of the Company)	**17,350,345**	16,045,113
Auto Loans (Secured by vehicles financed)	**-**	393,431
	140,183,339	156,325,611
SCHEDULE D		
UNSECURED LOANS		
Fixed Deposits	**-**	559,000
From Bodies Corporate	**155,880,571**	85,157,699
Trade Deposits (Long Term)	**3,553,341**	6,502,391
Interest Accrued and Due	**216,195**	360,739
	159,650,107	92,579,829

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE E

FIXED ASSETS (Amount in Rs

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.2009	Additions	Sales/ Adjustments	**As at 31.03.2010**	As at 01.04.2009	For the year	Adjustments for the year	**Upto 31.03.2010**	**As at 31.03.2010**	As at 31.03.200
Land (Freehold)	430,872,550	—	99,570	**430,772,980**	—			**—**	**430,772,980**	430,872,55
Building	53,214,178	—	—	**53,214,178**	15,861,817	953,588	3,478	**16,811,927**	**36,402,251**	37,352,3
Plant & Machinery	286,413,313	1,651,309	231,507	**287,833,115**	101,187,572	12,210,601	173,676	**113,224,497**	**174,508,618**	185,225,7
Computer	11,654,545		9,924,307	**1,730,238**	9,697,615	1,647,777	9,666,948	**1,678,644**	**51,594**	1,956,7
Electric Installation	816,098		22,190	**793,908**	525,327	36,905	17,128	**545,104**	**248,804**	290,7
Implements & Carts	8,571,038	225,547	1	**8,796,584**	8,345,088	79,877	—	**8,424,965**	**371,619**	225,9
Vehicles	4,940,921	82,264	960,384	**4,062,801**	2,887,800	327,749	410,365	**2,805,184**	**1,257,617**	2,053,1
Furniture & Fixtures	10,302,722	22,837	7,755,621	**2,569,938**	6,121,958	569,179	4,793,645	**1,897,492**	**672,446**	4,180,7
Irrigation Equipments	3,865,980			**3,865,980**	2,325,050	57,932	1	**2,382,981**	**1,482,999**	1,540,9
Ferry Rights	1,098			**1,098**	—			**—**	**1,098**	1,0
Laboratory Equipments	117,979			**117,979**	109,846	2,813	—	**112,559**	**5,320**	8,1
TOTAL	**810,770,422**	**1,981,957**	**18,993,580**	**793,758,799**	**147,062,273**	**15,886,421**	**15,065,241**	**147,883,453**	**645,875,346**	**663,708,14**
Previous Year	815,297,667	7,648,842	12,176,087	810,770,422	140,822,189	16,400,355	10,160,271	147,062,273	663,708,149	

Note :

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

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE F

INVESTMENTS (AT COST) - LONG TERM - OTHERS

AS AT 31.03.2009 Nos	**AS AT 31.03.2010 Nos**	Face Value Rs.	Description	**AS AT 31.03.2010 Rs.**	AS AT 31.03.2009 Rs.
			1. Government Securities held in		
			Qouted		
2	2	100000	12.50% Maharashtra State Road Devlop.Corp.	**230,000**	230,000
3	3	100000	11.50% Maharashtra Krishna Valley Dev.Corp.	**304,500**	304,500
			Unqouted		
			National Defence/Savings Certificates.	**7,100**	7,100
1720752	1720752	10	**2. Equity Shares (Fully Paid) Held in :**		
			Quoted :		
24300	24300	10	Khaitan Electricals Limited	**82,376,331**	82,376,331
44980	44980	10	(Company under the same Management)		
1294000	1294000	10	**Unquoted :**		
			Naturewealth Development Corpn.Limited	**243,000**	243,000
55500	55500	10	The Oriental Mercantile Company Limited	**1,401,113**	1,401,113
			Khaitan Lefin Ltd.	**77,640,000**	77,640,000
			(Company under the same Management)		
			Khaitan Hotels P. Ltd.	**3,330,000**	3,330,000
				165,532,044	165,532,044
			Aggregate Value of		
			Quoted Investments	**82,910,831**	82,910,831
			Unquoted Investments	**82,621,213**	82,614,113
			Market Value of Quoted Investments	**137,316,010**	92,496,194

Note :

National Defence/Saving Certificates are deposited with various Government Departments as Security.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE G CURRENT ASSETS, LOANS AND ADVANCES	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
A. Current Assets		
Inventories (As Certified by the Management)		
Stores, Spares and Others	**7,786,913**	7,339,619
Finished Goods		
Sugar & Molasses	**14,782,745**	14,402,493
Electrical Fans	**1,740,651**	1,740,651
Stock in Process		
Sugar		
Planted Trees	**68,323,212**	66,978,046
Standing Sugarcane Crop	**14,353,958**	8,091,660
	106,987,479	98,552,469
Sundry Debtors (Unsecured)		
Due for over six months		
Considerd Good	**57,455,587**	48,985,556
Considered Doubtful	**1,018,381**	1,184,641
Less : Provision for Doubtful Debts	**(1,018,381)**	(1,184,641)
Other Debts (Considered Good)	**1,585,621**	1,313,584
	59,041,208	50,299,140
Cash and Bank Balances		
Cash and Cheques in hand	**546,046**	208,830
With Scheduled Banks		
In Current Accounts	**1,539,711**	1,787,171
In Fixed Deposits *	**4,383,832**	4,414,567
* Receipts pledged with Banks as Security	**6,469,589**	6,410,568
B. Loans & Advances (Unsecured /Considered Good)		
Loans	**6,411,232**	15,023,242
Advances recoverable in cash/kind or for value to be received		
Compensation and Other Claims	**1,881,453**	1,836,264
Security Deposits	**219,432**	920,834
Income-tax Advance/Refund Due	**23,226,300**	17,853,652
Gratuity/Leave Encashment (Fund with LIC)	**2,756,721**	2,787,800
Other Advances	**12,355,676**	16,080,436
	46,850,814	54,502,228
	219,349,090	209,764,405

SCHEDULES FORMING PART OF THE ACCOUNTS

	2009-10 Rs.	2008-09 Rs.
SCHEDULE H		
CURRENT LIABILITIES		
Sundry Creditors*	**105,979,289**	128,892,832
Deposits and Advances	**5,922,324**	6,843,611
	111,901,613	135,736,443
PROVISIONS		
Provision for Income Tax	**2,520,000**	3,120,000
	114,421,613	138,856,443
* Dues to SSI Units Rs.Nil		
SCHEDULE I		
SALES AND OPERATING INCOME		
Sales/Transfer	**127,881,118**	160,514,149
Less : Excise Duty on Sales	**3,308,114**	7,073,591
Net Sales/Transfer	**124,573,004**	153,440,558
Sale of Crops (Other than Sugarcane)	**5,544,912**	731,210
Royalty (TDS- Rs.52,27,376/- Prevoius Year Rs. 47,91,724/-)	**47,012,007**	36,831,774
	177,129,923	191,003,542
SCHEDULE J		
OTHER INCOME		
Interest (TDS. Rs.1,13,435/- Previous Year Rs.2,92,407/-) (Refer Note No. 4 to the Notes on Accounts)	**1,005,613**	1,615,956
Profit on Sale of Investments/Fixed Assets	**6,774**	2,997,289
Dividend (From Other Investments)	**-**	3,416,036
Rent (TDS Rs. 5,13,168/- Previous Year Rs 6,46,383/-)	**2,790,750**	2,638,742
Liabilities no longer required written back (net)	**552,523**	474,687
Miscellaneous Income	**709,761**	204,823
	5,065,421	11,347,533
SCHEDULE K		
INCREASE/(DECREASE) IN STOCK		
Closing Stock		
Finished Goods	**16,523,396**	16,143,144
Stock-in-Process	**67,639,548**	66,506,520
	84,162,944	82,649,664
Less : Opening Stock		
Finished Goods	**16,143,144**	49,371,326
Stock-in-Process	**66,506,520**	68,936,960
	82,649,664	118,308,286
Increase/(Decrease) in Stocks	**1,513,280**	(35,658,622)
Less: Excise Duty on Finished Goods	**(351,991)**	2,122,037
	1,161,289	(33,536,585)

SCHEDULES FORMING PART OF THE ACCOUNTS

	31.03.2010 Rs.	31.03.2009 Rs.
SCHEDULE L		
SALARIES, WAGES & OTHER BENEFITS		
Salaries, Wages, Bonus & Allowances	**16,248,083**	17,490,888
Contribution to Provident and Other Funds	**1,276,186**	(212,440)
Directors' Remuneration	**5,057,910**	5,564,465
Employees' Welfare Expenses	**941,533**	838,494
	23,523,712	23,681,407
SCHEDULE M		
CULTIVATION, MANUFACTURING & OTHER EXPENSES		
Stores and Spare Parts Consumed	**6,012,866**	9,827,873
Power and Fuel	**9,295,925**	8,003,012
Sugarcane Seeds	**3,555,048**	2,994,355
Crop Protection Charges	**825,435**	761,693
Agricultural Operation Charges	**14,878,531**	9,675,125
Cane Development Expenses	**18,855**	392,606
Research & Development	**-**	330,000
Repairs to :		
Buildings	**216,589**	255,332
Plant & Machinery	**3,808,452**	8,035,788
Others	**1,964,655**	2,066,527
Rent	**1,694,770**	787,354
Insurance	**305,590**	339,858
Rates and Taxes	**455,109**	313,898
Legal Charges	**1,525,342**	2,428,642
Publicity & Sales Promotion	**14,520,331**	8,663,748
Directors' Fees	**99,000**	74,000
Commission	**179,110**	169,684
Brokerage on Sale of Sugar	**76,571**	73,880
Packing & Forwarding Expenses	**-**	865,967
Cash Discount	**612**	131,957
Bank Charges	**570,898**	800,196
Travelling Expenses	**966,351**	1,314,724
Auditors' Remuneration	**94,580**	90,500
Sales Tax	**35,341**	—
Provision for Bad & Doubtful Debts	**1,018,381**	—
Miscellaneous Expenses	**4,017,161**	3,031,618
	66,135,503	61,428,337

SCHEDULE N

NOTES ON ACCOUNTS

1. 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 net of returns.

   i) Foreign Exchange Transactions :

      i) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit & Loss Account. Foreign currency monetary items at the year-end are reported at the year-end exchange rate, and the resultant exchange difference is recognised in the Profit & Loss Account.

      ii) In respect of transactions covered by Forward Exchange Contracts, the difference between the contract rate and spot rate on the date of transaction is amortised over the life of contract.

   j) The expenses incurred on Sugarcane and on Trees are accumulated under the caption "Standing Sugarcane" and "Planted Trees" (excluding Planted Trees having maturity of over 18 months) respectively and charged to Profit & Loss Account in the year of harvesting.

   k) Excise Duty under expenditure, represents payments made/to be made during the year on goods cleared/to be cleared.

   l) 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.

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 as accounted net of service tax.

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

	2009-10 Rs.	2008-09 Rs.
a) Guarantee/Sureties given by the Company for its Business Associates	**30,50,000**	30,50,000
b) Counter Guarantee against Guarantees given by the bank to various authorities	**25,28,172**	20,74,198
c) Estimated liabilities for Sales Tax relating to earlier years	**94,87,225**	94,87,225
d) Income tax matters for earlier years (under appeals)	**4,80,42,913**	58,44,032

3. There is no impairment of assets during the year.
4. Interest Received includes on Fixed Deposits Rs. 79,311/-, (Previous year 2,80,696/-) on Investment Rs. 59,500/- (Previous Year Rs. 59,500/-) and from Loan given Rs. 8,66,802/- (Previous Year Rs. 12,75,760).
5. Cane Advances given to parties are considered good and recoverable by the management.
6. Payment of interest on Term Loan amounts to Rs.1,13,44,958/- (Previous year Rs.92,24,088/-).
7. No borrowing cost have been capitalised during the year.
8. a) Sundry Debtors of Agriculture Division includes Rs. 72,135/- (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.
   d) The Company's proposal to Sugar Development Fund for concession/waiver of interest is still pending. Awaiting approval of the same, interest amounting to Rs. 13,05,232/- has been provided as per agreement. However, no balance confirmation has been received from Sugar Development Fund.
9. Un-provided gratuity liability as per actuarial valuation amounts to Rs. 69,79,202/- (Previous year Rs. 69,21,192) and Leave Encashment amount to Rs. 2,61,796/- (Previous year Rs. 2,35,000) in respect of the Sugar & Agriculture Divisions.

SCHEDULE N *(Contd.)*

10. 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	54,799
Employers' Contribution to Employee State Insurance Scheme	2,447

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, 2010 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2010 is as follows:-

iii. Expenses recognised during the year :

(Amount in Rs.)

	Gratuity (Funded)	Leave Encashment (Funded)
1. Current Service Cost	3,716	0
2. Interest Cost	31,940	11,520
3. Expected Return on Plan Assets	(2,15,767)	(50,716)
4. Net actuarial (gain) / Loss recognised in the year	(31,940)	(11,520)
5. Expenses recognised during the year	81,795	(50,716)

iv. Change in Present Value of Defined Benefit Obligation :

1. Present Value of Defined Benefit Obligation at the Beginning of the year	3,99,246	1,44,000
2. Interest Cost	31,940	11,520
3. Current Service Cost	3,716	-
4. Benefits Paid	-	-
5. Actuarial Gain (Losses)	31,940	(11,520)
6. Present Value of Obligation at the end of the year	6,96,808	1,44,000

SCHEDULE N *(Contd.)*

v. Change in Fair Value of Plan Assets during the year ended 31st March, 2010:

1. Plan Assets at the Beginning of the year	26,97,090	6,33,956
2. Expected Return on Plan Assets	2,15,767	50,716
3. Actual Company Contribution	-	-
4. Actual Benefits Paid	-	-
5. Actuarial Gains.(Losses)	-	-
6. Plan Assets at the end of the year	29,12,857	6,84,632

vi. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2010

1. Present Value of Defined Benefit Obligation	6,96,808	1,44,000
2. Fair Value on Plan Assets	29,12,857	6,84,672
3. Funded Status (Surplus/(deficit))	22,16,049	5,40,672
4. Net Asset/(Liability) recognised in Balance Sheet	22,16,049	5,40,672

vii. Actuarial Assumptions

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

viii. Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2010:

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, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.The above information is certified by the actuary.

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

11. 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.

12. Prior Period expenses /(Income) are in respect to the following heads:

Account Head	**2009-10 (Rs.)**	2008-09 (Rs.)
Rent Paid	**30,69,570**	NIL
Rates & Taxes	**2808**	NIL
Repair to Plant & Machinery	**10,000**	NIL
Sales Tax	**62,237**	NIL
Salary & Bonus	**52,500**	28,08,000
Insurance Premium	**NIL**	95,952
Repairs to Others	**NIL**	16,554
Interest to others	**-**	6300
Rent Received	-	(2,27,500)
Interest Received	**-**	(12,734)
Total	**31,97,115**	26,86,572

SCHEDULE N *(Contd.)*

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

PRODUCTION, PURCHASES, SALES & STOCKS	UNIT	2009-10		2008-09	
		Quantity	Rs.	Quantity	Rs.
A) Licensed Capacity		**2,500 TCD**		2,500 TCD	
Installed Capacity		**1,600 TCD**		1,600 TCD	
(Tonnes of Cane crushed per Day)					
B) Production					
Sugar	(M.T.)	**1,838**		2,022	
Molasses	(M.T.)	**1,660**		3,395	
Sugarcane	(M.T.)	**21,006**		30,079	
C) Opening Stock					
Sugar	(M.T.)	**612**	**14,398,625**	2,114	33,221,585
Sugarcane	(M.T.)	**-**	**-**	2,980	2,976,010
Molasses	(M.T.)	**1**	**3,868**	844	3,069,162
Fans	(Nos.)	**1,786**	**1,521,010**	6,333	6,363,558
P.D.Pumps	(Nos.)	**144**	**103,090**	5,892	1,375,201
Monoblock Pumps	(Nos.)	**34**	**48,287**	421	1,312,346
Lighting Products	(Nos.)	**1,670**	**68,264**	51,101	2,395,304
MCB'S		**-**	**-**	8,894	503,586
Wire		**-**	**-**	182	291,958
Others			**-**		838,626
Stock-in-Process :					
Sugar	(M.T.)	**334**	**4,484,643**	288	4,086,683
Others			**62,021,877**		61,874,267
			82,649,664		118,308,286
D) Purchases*					
Fans	(Nos.)	**-**			
P.D.Pumps	(Nos.)	**-**	**-**	10,595	8,287,786
Monoblock Pumps	(Nos.)	**-**	**-**	219	26,445
Lighting Products	(Nos.)	**-**	**-**	522	1,192,604
MCB'S	(Nos.)	**-**	**-**	15,665	926,761
Wire	(Coils)	**-**	**-**	60,771	273,883
Others			**-**	2,911	1,338,084
			-		1,399,457
			-		13,445,020
E) Sales/Transfer*					
Sugar	(M.T.)	**2,064**	**63,067,265**	3,966	60,453,411
Sugarcane	(M.T.)	**21,006**	**47,727,646**	30,079	37,076,748
Molasses	(M.T.)	**1,160**	**11,358,972**	4,239	19,405,865
Fans	(Nos.)			15,142	11,797,905
P.D.Pumps	(Nos.)			5,967	1,220,972
Monoblock Pumps	(Nos.)			909	1,848,097
Lighting Products	(Nos.)			65,096	889,710
MCB'S	(Nos.)			69,665	1,581,751
Wire	(Coils)			3,093	2,794,567
Others			**5,727,235**		23,445,123
			127,881,118		160,514,149

SCHEDULE N *(Contd.)*

PRODUCTION, PURCHASES, SALES & STOCKS	UNIT	2009-10		2008-09	
		Quantity	Rs.	Quantity	Rs.
F) Closing Stock					
Sugar	(M.T.)	**386**	**10,661,850**	612	14,398,625
Molasses	(M.T.)	**501**	**4,120,895**	*	3,868
Fans	(Nos.)	**1,786**	**1,521,010**	1,786	1,521,010
P.D.Pumps	(Nos.)	**144**	**103,090**	144	103,090
Monoblock Pumps	(Nos.)	**34**	**48,287**	34	48,287
Lighting Products	(Nos.)	**1,670**	**68,264**	1,670	68,264
Stock-in-Process					
Sugar	(M.T.)	**192**	**5,191,290**	334	4,484,643
Others *			**62,448,258**		62,021,877
			84,162,944		82,649,664

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

14. **Directors' and Auditors' Remuneration**	**2009-10** Rs.	2008-09 Rs.
a) Directors' Remuneration :		
Remuneration *	**3,762,[illegible]**	3,663,161
Contribution to Provident Fund & Others	**58,[illegible]**	79,819
Perquisites	**1,298,[illegible]**	1,819,485
	5,119,[illegible]	5,564,565
b) Auditors' Remuneration :		
Statutory Auditors :**		
As Audit Fees	**35,[illegible]**	39,326
As Tax Audit Fees	**11,[illegible]**	11,236
For Certificate etc.	**43,[illegible]**	39,805
For Other Services	**11,[illegible]**	11,236
	104,322	101,603

* No commission is payable to directors for the year

* Gratuity & Leave Encashment paid to Director on resignation amounting to Rs. Nil (Previous Year Rs. 3,50,000/-) & Rs. NIL (Previous Year Rs. 1,50,000/- respectively)

** [Including Service Tax of Rs.9,742/- (Previous Year Rs. 11,033/-)

SCHEDULE N *(Contd.)*

15. Earnings Per Share(EPS)

	2009-10 Rs.	2008-09 Rs.
a) Net Profit after tax available for Equity Shareholders (Rs.)	**-34,891,749**	-2,215,811
b) Number of Equity Shares of Rs. 10/- each	**4,750,000**	4,750,000
c) Basic and Diluted Earnings Per Share (Rs.)	**-7.35**	-0.47

16. Deferred Tax

a) Net Deferred tax assets as on 31.03.2010 is Rs. 5,05,51,994/- in accordance with Accounting Standard 22 'Accounting for Taxes on Income' issued by Institute of Chartered Accountants of India. Out of above Deferred Tax Assets of Rs. 1,79,07,243/- 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 the Balance Sheet.

b) The break-up of net deferred tax asset is under :

	31.03.10	31.03.09
Deferred Tax Assets		
On Brought Forward Business Loss under Income Tax	**57,668,879**	37,493,505
Deferred Tax Liabilities		
On difference between written down value of assets as per books and Income Tax	**7,116,885**	4,849,754
Net Deferred Tax (Liabilities) / Assets as at the year end	**50,551,994**	32,643,751
Liability/(Asset) for the year	**(17,908,243)**	(20,589,893)

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	
	2009-10	2008-09	**2009-10**	2008-09	**2009-10**	2008-09	**2009-10**	2008-09	**2009-10**	2008-09
REVENUE										
Sales & Operating Income	**470.12**	587.53	**761.69**	803.12	**539.49**	519.36	—	—	**1,771.30**	1,910.03
Other Income	**9.22**	18.47	**4.17**	20.14	**11.50**	13.27	**25.77**	61.59	**50.66**	113.47
Increase/(Decrease) in Stock	**-**	(113.40)	**7.35**	(193.68)	**4.26**	(28.28)	—	—	**11.61**	(335.36)
TOTAL REVENUE	**479.34**	492.60	**773.21**	629.58	**555.25**	504.37	**25.77**	61.59	**1,833.57**	1,688.14
RESULTS										
PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION	**318.08**	232.86	**(306.82)**	(228.54)	**254.35**	236.41	**(26.20)**	4.75	**239.41**	245.51
Less :										
a) Depreciation	**22.31**	22.99	**128.64**	35.28	**2.62**	2.12	**5.29**	5.29	**158.86**	65.68
b) Interest	**103.13**	111.10	**282.81**	227.17	**12.22**	34.92	—	-	**398.16**	373.19
TOTAL PROFIT BEFORE TAX	**192.64**	98.77	**(718.27)**	(490.99)	**239.51**	199.37	**(31.49)**	1.51	**(317.61)**	(193.36)
Less :										
a) Provision for Taxation	—	3.00	—	—	—	—	—	—	—	3.00
b) Provision for Deferred Tax	—	—	—	—	—	—	—	205.90	—	(205.90)
PROFIT AFTER TAX	**192.64**	95.77	**(718.27)**	(490.99)	—	—	**(31.49)**	205.39	**(317.61)**	9.54
CAPITAL EMPLOYED										
Segment Assets	**794.53**	818.95	**2164.92**	2301.95	**1298.58**	1213.38	**1937.75**	1948.51	**6.195.78**	6,279.79
Segment Liabilities	**2581.94**	1506.70	**1353.72**	2029.69	**206.88**	341.23	—	—	**4,142.54**	3,877.62
TOTAL CAPITAL EMPLOYED	**(1,787.41)**	(687.75)	**811.20**	272.26	**1,091.70**	872.15	**1,937.75**	1,948.51	**2.053.24**	2,402

20. Related Party Disclosure :

a) Names of related parties :

i) Whole-time Directors :

	Relative	Relationship
Mr. S.K. Khaitan, Chairman	Mr. Sunil K. Khaitan Vice-Chairman	Son
Mr. S.Bafna, Executive Director	Mrs. Madhu Bafna	Spouse

ii) Associates :

Khaitan Electricals Limited

Khaitan Lefin Limited

SCHEDULE N *(Contd.)*

b) Transactions with Related Parties :

Nature of Transaction	Key Management Personnel & Relatives (A)		Associates (B)		Total	
	2009-10	2008-09	**2009-10**	2008-09	**2009-10**	2008-09
Remuneration	**44.44**	48.98	-	-	**44.44**	48.98
Sitting Fees	**0.29**	0.08	-	-	**0.29**	0.08
Residential Accomodation	**2.52**	2.52	**4.74**	4.74	**7.26**	7.26
Purchase of Goods	-	-	-	134.45	-	134.45
Royalty Received	-	-	**470.12**	368.32	**470.12**	368.32
Sale of Fixed Assets	-	-	**37.74**	-	**37.74**	-
Interest paid	-	-	**102.96**	164.66	**102.96**	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, 2010 :

Related Party	**Relationship**	Balance as on 31st March, 2010 (Rs. In lacs)
Khaitan Electricals Limited	Associates	691.70Cr
Khaitan Lefin Limited	Associates	43.47Cr.

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

		Rs. In lacs
a) Khaitan Electricals Limited (B)	Royalty Received	470.12
	Lease Rent Paid	0.63
	Interest Paid	96.99
	Sales of Fixed Assets	37.74
b) Khaitan Lefin Limited (B)	Residential Accomodation	4.74
	Interest Paid	5.97
Madhu Bafna (B)	Residential Accomodation	2.52
c) S.K.Khaitan (A)	Remuneration	37.27
S. Bafna (A)	Remuneration	7.17
Sunil K Khaitan (A)	Sitting Fees	0.29

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 debits due from /to them.

SCHEDULE N *(Contd.)*

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

22. Statement pursuant to Part IV of the Companies Act, 1956.

A) Registration Details :

i)	Registration No.	: 8775
ii)	State Code No.	: 21
iii)	Balance Sheet Date	: 31.03.2010

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

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

Total Liabilities	:	948978	Total Assets	:	948978
Sources of Funds :			**Application of Funds :**		
Paid Up Capital	:	47500	Fixed Assets (Net)	:	645875
Reserves & Surplus	:	601645	Investments	:	165532
Secured Loans	:	140183	Net Current Assets	:	104927
Unsecured Loans	:	159650	Deferred Tax Assets	:	32644

D) Performance of Company (In Thousands) :

Turnover	:	177130	Total Expenditure	:	215118
Profit/ (Loss) Before Tax	:	(31762)	Profit After Tax	:	(31762)
Earning Per Share			Dividend Rate%	:	Nil
Basic and Diluted in Rs.	:	(7.35)			

D) Genetics Names of the principal products / services of Company :
(As per monetary terms)

i) Item Code No. : 170199.99
Product Description : Sugar

ii) Item Code No : N.A.
Product Description : Sugarcane

iii) Item Code No. : N.A
Product Description : Molasses

Signature to Schedule 'A' to 'N'

For CHATURVEDI & CO.
Chartered Accountants

Nilima Joshi
Partner
(Membership No 52122)

60 Bentinck Street
Kolkata -700 069
the 23rd July, 2010

B. K. Choraria
Secretary

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

S. K. KHAITAN
Chairman
M. K. JALAN
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 members(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 Third Annual General Meeting of the Company to be held on Monday, the 27th September, 2010 at 11.30 a.m. at Merchant Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata 700 001 and at any adjourment thereof.

As witness my/our hand(s) this.....day of.....2010

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

ATTENDENCE SLIP

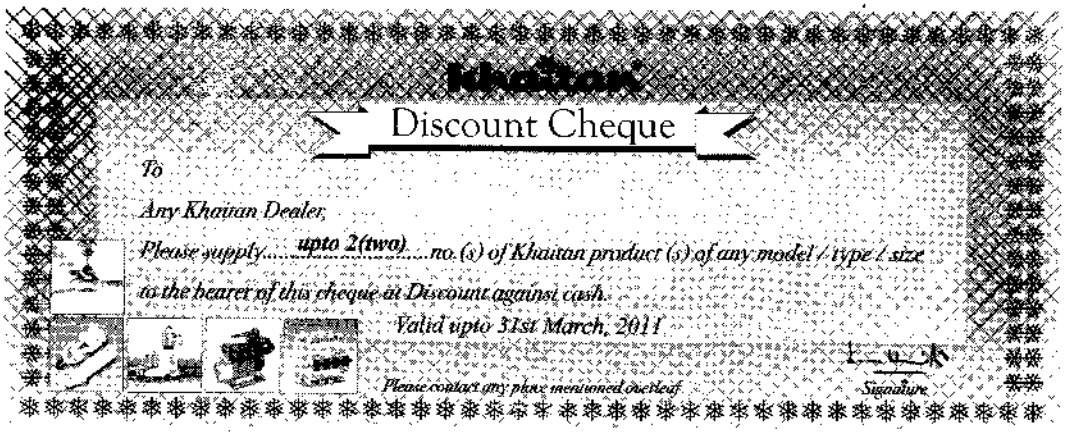
(Please complete this Attendence Slip and hand it over at the entrance of the Meeting Hall)

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 Monday, the 27th September, 2010 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.



BOOK POST



If undelivered, please return to:

khaitan (India) Limited

"Everest" 46C J. L. Nehru Road

Kolkata - 700 071 (India)