



## **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**

SUNIL K. KHAITAN, Chairman

M. K. JALAN

Dr. V. K. RUNGTA

A. K. KEDIA

S. BAFNA, Executive Director

### **AUDITORS**

CHATURVEDI & CO.

Chartered Accountants

### **COST AUDITORS**

A. B. & CO.

### **BANKERS**

IDBI BANK LTD.

BANK OF BARODA

### **SUGAR & AGRICULTURE DIVISIONS**

#### **Office :**

7, Red Cross Place, Kolkata 700 001

**Phone :** (033) 2210 3331/32/33/34

**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 Seventh Annual General Meeting of KhaiTan (India) Limited will be held on Monday, 29th September, 2014 at Bhartiya Bhasha Parishad, 36-A, Shakespear Sarani, 4th Floor, Kolkata-700017 at 11.30 a.m. to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance sheet as at March 31, 2014, the statement of Profit & Loss for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sunil Krishna KhaiTan (DIN 00127698), who retires by rotation and being eligible, offers himself for re-election..
3. To appoint M/s Chaturvedi & Co. Chartered Accountants as statutory auditors who shall hold office from the conclusion of this Annual General Meeting and till the conclusion of next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT**, in accordance with the applicable provisions of the Companies Act, 1956 and the Companies Act, 2013, or any amendment thereto or modification thereof, Mr. Surendra Bafna (DIN 00127681) be and is hereby re-appointed as Whole-time Director from 1st April, 2014 to 31st March, 2017 designated as Executive Director on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

5. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Mahendra Kumar Jalan (DIN 00598710), Non Executive Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and whose term expires at this Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term upto five consecutive years with effect from September 29, 2014 up to September 28, 2019."

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Arun Kumar Kedia (DIN 00502760), Non Executive Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term upto five consecutive years with effect from September 29, 2014 up to September 28, 2019."

7. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Dr. Vinod Kumar Rungta (DIN 00087032), Non Executive Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term upto five consecutive years with effect from September 29, 2014 up to September 28, 2019."

8. To consider and if thought fit, to pass, with or without modification, the following Resolution as Special Resolution:

**"RESOLVED THAT** in supersession of the Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956, at the Annual General Meeting of the Company held on 30.04.1990, for increasing in borrowing powers of the Board and pursuant to the provisions of Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules notified there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to and authority conferred upon the Board of Directors of the Company for borrowing any sum or sums of monies for and on behalf of the Company from time to time from one or more persons, firms, bodies corporate or bankers or financial institutions or from others by way of advances, deposits, loans, or otherwise withstanding that the sum or sums or monies so borrowed together with the monies, if any, already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Bankers of the Company in the ordinary course of the business i.e. loans repayable on demand or within six months from the date of the loan such as short-term cash credit arrangements, the discounting of bills and the issue of other short term loan of seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose so that the total amount up to which the monies may be so borrowed by the Board of Directors and outstanding at any time shall not exceed Rs.50,00,00,000/- (Rupees Fifty Crores only) on account of the principle.

**NOTICE (Contd.)**

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to negotiate and decide, from time to time, terms and conditions, to execute such documents, deeds, writings, papers and / or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate and settle any questions, difficulty or doubt that may arise in this regard."

9. To consider and if thought fit, to pass, with or without modification, the following Resolution as Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules notified there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and in supersession of all earlier Resolutions passed in this regard, the consent of the members be and is hereby accorded to and authority conferred upon the Board or Directors of the Company to create such mortgages, charges, hypothecations and any other encumbrances, in addition to the existing mortgages, charges, hypothecations and other encumbrances created by the Company on all or any part of the immovable and/or movable properties, current and/or fixed assets, tangible and/or intangible assets, or stock in trade (including raw materials, stores, spare parts and components in stock or in transit) work in progress and debts and advances, claims of the Company whosoever situate, present and future in favour of Indian or Foreign Financial Institutions, Banks, Trustees for the holders of debentures / bonds and / or other instruments which may be issued on private placement basis or otherwise and other lending institution or organization or Body Corporate or such other person from whom the Company has borrowed or proposes to borrow money by way of Term Loan, Working Capital Loans including Fund based and non-fund based limits, External Commercial Borrowings, Commercial Papers or any other financial instrument permitted by the appropriate authorities from time to time together with interest, cost, charges and other incidental expenses in terms of Agreements entered/ to be entered into within the overall borrowing limit fixed pursuant to Section 180(1)(c) of the Companies Act, 2013.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to negotiate and decide, from time to time, terms and conditions, to execute such documents, deeds, writings, papers and / or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate and settle any questions, difficulty or doubt that may arise in this regard."

By Order of the Board

Registered Office:  
46-C, J. L. Nehru Road  
Kolkata - 700071  
The 30th May, 2014

S Bafna  
Executive Director

---

**NOTES**

- 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.**
- Pursuant to provisions of Section 105 of the Companies Act, 2013, read with the applicable rules thereon, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy, who shall not act as a proxy for any other member.
- Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
- Members/Proxies should fill in and sign the attendance slips and deposit at the entrance of Meeting Hall, before attending the Meeting.
- Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2014 to 29th September, 2014 (both days inclusive).
- Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH 13 prescribed by the Government can be obtained from the share Transfer Registrar M/s Maheshwari Datamatics Pvt Ltd, 6 Mangoe Lane, Kolkata-700001.
- The Registers under the Companies Act, 2013 is available for inspection at the Office of the Company at 7, Red Cross Place, Kolkata-700001 during business hours between 11.00 am to 1.00 pm except on holidays.
- Members are requested to bring their copy of the Annual Report to the Meeting.



## NOTES (Contd.)

10. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company are requested to submit their request with their valid e-mail address to M/s Maheswari Datamatics Pvt. Ltd. Members holding shares in demat form are requested to register/update their e-mail address with their Depository Participant(s) directly. Members of the Company, who have registered their email-address, are entitled to receive such communication in physical form upon request.
11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at Office of the Company at 7, Red Cross Place, Kolkata-700001 during business hours between 11.00 am to 1.00 pm except on holidays, up to and including the date of the Annual General Meeting of the Company.
12. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
13. 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.
14. The two Directors liable to retire in the ensuing AGM are Mr. Sunil Krishna Khaitan (DIN 00127698) and Mr. Mahendra Kumar Jalan (DIN 00598710) of which Mr. Mahendra Kumar Jalan (DIN 00598710) is an Independent Director and he is being reappointed as Independent Director in the AGM.
15. Voting through Electronic means (E-Voting):
  - I. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and pursuant to Clause 35 B of the listing agreement, the Company has engaged the services of CDSL to provide the facility of electronic voting ('e-voting') in respect of the Resolutions proposed at this AGM. The Company is pleased to offer E- Voting facility which will enable members to cast their votes electronically on the resolutions mentioned in the notice and the business may be transacted through E-voting services. The Board of Directors of the Company has appointed Mr. Navin Kothari of M/s N.K & ASSOCIATES, Company Secretaries as the Scrutinizer for this purpose.
  - II. The instructions for shareholders voting electronically are as under :
    - (i) The voting period begins on Monday, the 22nd September, 2014 at 9 A.M. and ends on Wednesday, the 24th September, 2014 at 8 P.M. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, the 29th August, 2014, may cast their vote electronically. The E-voting module shall be disabled by CDSL for voting thereafter.
    - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
    - (iii) Click on .Shareholders. tab.
    - (iv) Now, select the Company Name 'KHAITAN (INDIA) LIMITED' from the drop down menu and click on .SUBMIT.
    - (v) Now Enter your User ID
      - a. For CDSL: 16 digits beneficiary ID,
      - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
      - c. Members holding shares in Physical Form should enter Folio Number registered with the Company, excluding the special characters.
    - (vi) Next enter the Image Verification as displayed and Click on Login.
    - (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
    - (viii) If you are a first time user follow the steps given below.

### For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Dept. (Applicable for both demat shareholders as well as physical Shareholders) Members who have not updated their PAN with the Company / Depository Participant are requested to enter in capital letters the PAN field of 10 characters as First 2 Characters of the First Holder Name followed by 8 characters consisting of Folio Number prefix by "0" (or 8 characters from right of BO-ID). No special characters or space will be taken from the name and folio number and name shall be excluded of titles like Mr / Mrs / Smt / Miss / Ms/ M/s etc. <b>Example :</b> (1) Mr. V. N. Swami and Folio Number is S/0245, the PAN will be VN000S0245 (2) M/s. 4-square Company Ltd. and Folio Number is C-0052 the PAN will be 4S000C0052
DOB	Enter the Date of Birth as recorded in your demat account with the depository or in the company records for your folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Bank Account Number as recorded in your demat account with the depository details or in the company records for your folio. Please enter the DOB or Bank Account Number in order to login. If both the details are not recorded with the depository or company then please enter the member ID/folio No. in the Dividend Bank Details.

**NOTES (Contd.)**

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.  
Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant "KHAITAN (INDIA) LIMITED" on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders:
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (.FAQs.) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- III. The Voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 29th August, 2014.
- IV. The shareholders shall have one vote per equity share held by them as on the cutoff date. (Record date) of 29th August, 2014. The facility of e-voting would be provided once for every folio / client id, irrespective of the number of joint holders.
- V. The Company has appointed Mr Navin Kothari of M/s N.K & Associates., Company Secretaries, as the scrutinizer for conducting the e-voting process in the fair and transparent manner.
- VI. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.khaitanindia.com](http://www.khaitanindia.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.
- VIII. The scrutinizer's decision on the validity of e-voting will be final.

**EXPLANATORY STATEMENT PRUSUANT TO SECTION 102 OF THE COMPANIES ACT, 1956****Item No 4**

The term of appointment of Mr. S Bafna as whole time Director expired on 31st March, 2014. The Remuneration Committee after considering Mr. Bafna's vast managerial experience of 41 years and his association with Khaitan Group for 35 years has recommended his appointment for further 3 years, i.e. from 1st April, 2014 to 31st March, 2017 on the following terms and conditions. The Committee also stated that Mr. Bafna's appointment will be beneficial for the Company.

After considering the recommendation of the Remuneration Committee, the Board at its meeting held on February 13, 2014, re-appointed (subject to the approval of members in the general meeting), him as a Whole-time Director of the Company for a period of three years commencing April 1, 2014.

The terms and conditions of his appointment are as follows:

Salary: Rs.44,000/- per month in the scale of Rs.40,000-80,000/-. The basic salary shall be enhanced every year subject to maximum as provided in the slab at the discretion of the Board within the ceiling of 10% of the net profit of the Company.

**Commission and Perquisites:  
Commission**

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



---

## NOTES (Contd.)

### Perquisites

In addition to salary and commission, he will be entitled to the following perquisites, which shall be restricted to Rs. 6,00,000 per annum.

### CATEGORY-I

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

### CATEGORY-II

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

### CATEGORY-III (Not to be considered as perquisites)

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

He will not be required to retire by rotation being a Wholetime Director.

Mr. S Bafna is concerned and interested to the extent of remuneration payable to him. No other Director is interested or concerned in the aforesaid resolution.

The Board recommends the shareholders for passing this resolution.

### Item Nos. 5 to 7

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors which came into effect from April 1, 2014, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation. The term shall be effective prospectively.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement.

Mr. Mahendra Kumar Jalan (DIN 00598710) joined the Board of Directors of the Company as a Non-executive Independent Director on 20.03.1990, liable to retire by rotation. He is a B.Com Graduate and an Industrialist having vast experience of business and management.

Mr. Mahendra Kumar Jalan retires by rotation at the ensuing Annual General Meeting (AGM) of the Company under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Sections 149, 150 and 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible he has offered himself for appointment as an Independent Director of the Company.

Mr. Arun Kumar Kedia (DIN 00502760) joined the Board of Directors of the Company as a Non-executive Independent Director on 27/02/1995, liable to retire by rotation. He is a B.Com Graduate and an Industrialist having vast experience of business and management.

Mr. Arun Kumar Kedia is a Director whose term of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Sections 149, 150 and 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible he has offered himself for appointment as an Independent Director of the Company.

Dr. Vinod Kumar Rungta (DIN 00087032) joined the Board of Directors of the Company as a Non-executive Independent Director on 02/12/1987, liable to retire by rotation. He is a Company Secretary having vast experience of business and management.

Dr. Vinod Kumar Rungta is a Director whose term of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Sections 149, 150 and 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible he has offered himself for appointment as an Independent Director of the Company.

**NOTES (Contd.)**

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, proposes the appointment of Mr. Mahendra Kumar Jalan, Mr. Arun Kumar Kedia and Dr. Vinod Kumar Rungta at the ensuing Annual General Meeting of the Company as an Independent Director under Section 149 of the Act, not liable to retire by rotation, to hold office for a term upto five consecutive years with effect from September 29, 2014 up to September 28, 2019.

Mr. Mahendra Kumar Jalan, Mr. Arun Kumar Kedia and Dr. Vinod Kumar Rungta, non-executive independent directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, each of these Directors fulfill the conditions specified in the Companies Act, 2013 and Rules made thereunder and the Listing Agreement for their appointment as Independent Directors of the Company and they are independent of the management. These Directors are not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and they have given their consent to act as Director.

Notice have been received from member(s) signifying their intention to propose appointment of these Directors as Independent Directors..

Copy of the draft letter for their appointment as an Independent Directors setting out the terms and conditions will be available for inspection by members at the Registered Office of the Company during normal business hours on any working day.

A brief profile of Independent Directors to be appointed, including nature of their expertise and other disclosure as required under Clause 49 of the Listing Agreement, is provided at Annexure A of this Notice.

Except these Directors, being appointees or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item Nos. 5 and 7.

The Board recommends the resolution in relation to the appointment of these Directors as Independent Directors, for the approval by the shareholders of the Company.

**Item No 8 & 9**

The members of the Company had on 30th April, 1990 by way of Ordinary Resolutions passed at the Annual General Meeting had accorded its approval under Section 293(1)(a) of the Companies Act, 1956 for borrowing of sums by the Company up to a limit not exceeding Rs.35 crores (Rupees thirty Five Crores) and to create securities for such borrowings by creation of mortgage, charge and/or hypothecation on movable and immovable assets of the Company.

Upon notification of Section 180(1) (c) and 180(1) (a) of the Companies Act 2013 the Board of Directors of the Company cannot except with the consent of members of the Company by way of Special Resolution, borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business in excess of the aggregate of the paid-up share capital and its free reserve and create securities for such borrowings by creation of mortgage and/or charge on movable and immovable assets of the Company. Further the Ministry of Corporate Affairs had vide its Circular dated March 25, 2014 clarified that the resolution(s) passed by the Companies under Section 293 of the companies Acts 1956 prior to September 12, 2013 with reference to borrowings (subject to the limits prescribed /approved by the members) and/or creation of security on assets of the Company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of notification of Section 180 of the Companies Act, 2013.

To cater to the working capital needs, fresh resolutions are proposed to borrow monies from time to time for the purpose of the Company's business, notwithstanding that the monies to be borrowed by the company together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the Company's paid up share capital and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which monies may be so borrowed by the Board and which shall remain outstanding at any given point of time shall not exceed the sum of Rs.50 crores (Rupees Fifty Crores) and to create security for the borrowings by way of suitable, mortgage hypothecation or charge on all or any of the movable and/or immovable properties of the Company.

Accordingly the Board of Directors of your Company recommends the passing of resolutions as set out Item Nos. 8 & 9 as the Special Resolutions

None of the Directors, Key Managerial Personnel of the company and their relatives is financially or otherwise concerned or interested in the resolutions.

By Order of the Board

Registered Office:  
46-C, J. L. Nehru Road  
Kolkata - 700071  
the 30th May, 2014

S Bafna  
Executive Director



## ANNEXURE A

Details of Directors seeking appointment/ re-appointment at the Annual General Meeting scheduled to be held on September 29, 2014

Name of Director	SUNIL KRISHNA KHAITAN	MAHENDRA KUMAR JALAN	ARUN KUMAR KEDIA	VINOD KUMAR RUNGTA
Date of Birth	14/12/1960	08/03/1948	07/11/1954	03/08/1946
Date of Appointment	20/03/1990	20/03/1990	27/02/1995	02/12/1987
Relationship with Directors	None	None	None	None
Expertise in specific functional area				
Qualification	B.COM,MBA	B.COM	B.COM	Company Secretary,
Board Membership of other companies as on March 31,2014	1.Khaitan Electricals Ltd.; 2.Khiatan Lefin Limited and 3.Khaitan Hotels Pvt. Ltd.	1.MKJ Enterprises Limited; 2.Keventer Agro Ltd., 3.MKJ Developers Ltd., 4.Metro Dairy Limited; 5.The Right Address Limited; 6.Twenty First Century Securities Ltd.; 7.Cambridge Construction (Delhi) Ltd.; 8. MKJ Tradex Limited; 9.Dankuni Projects Limited; 10.Priya Healthcare Ltd. 11. Keventer Capital Ltd. 12. Bengal Port Pvt. Ltd. 13. Kulpi Post Holding Pvt. Ltd. 14. Eastern Getway Terminal Pvt. Ltd.	1.Classic Marketing Agency Pvt. Ltd., 2.Jai Shankar Properties Pvt. Ltd. 3.Ashirvad Properties Pvt. Ltd., 4.Jaypee Trading Co. Pvt. Ltd., 5.East West International (Exim) Pvt. Ltd., 6.Ashiyana Vinimay Pvt. Ltd., 7.Trincas Management Pvt. Ltd., 8.Abloom Pvt. Ltd., 9.East West Minning Pvt. Ltd., 10.East West International, 11.Ektaa Advisoray Sumit Pvt. Ltd.	1.Basbhumii Realtors Pvt. Ltd. 2.AGL Investors Pvt. Ltd., 3.Wonder Décor Pvt. Ltd., 4.Triton Distributors Pvt. Ltd., 5.Eskay Properties Development Pvt. Ltd. 6.Jhajhar Investment & Trading Pvt. Ltd., 7.Khaitan Electricals Ltd.
Chairman/ Member of the Committee of the Board of Directors as on March 31, 2014	<u>Members</u> Share Transfer Committee	<u>Members</u> Audit Committee Remuneration Committee	<u>Members</u> Audit Committee Remuneration Committee	<u>Chairman</u> Audit Committee Remuneration Committee Grievence Committee Share Transfer Committee
Chairman/Member of the Committee of Directors of other companies in which he is a director as on March 31, 2014	Nil	Nil	Nil	Nil
Number of shares held in the Company as on March 31, 2014	118029	Nil	100	100



**DIRECTORS' REPORT**

INCLUDING MANAGEMENT DISCUSSION &amp; ANALYSIS REPORT

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

 Your Directors have pleasure in presenting their Seventy Seventh Annual Report together with the Audited Accounts for the year ended 31st March, 2014.
 Rs./Lacs

<b>FINANCIAL RESULTS</b>	<b>2013-14</b>	<b>2012-13</b>
Sales & Operating Income were	<b>2971.77</b>	<b>2544.10</b>
Profit/Loss for the year was	(43.13)	(41.47)
From which is deducted		
Depreciation	(140.89)	(147.00)
Leaving a Balance of	<b>(184.02)</b>	<b>(188.47)</b>
<b>TO WHICH IS ADDED :</b>		
Profit/Loss Brought Forward from Previous Years	(667.43)	(478.96)
Making an available surplus of which is carried forward to next year	(851.45)	(667.43)

**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 467.15 lacs compared to the last year's Rs 540.16 lacs.

**Sugar Division :** The crushing of sugarcane was higher to 7.11 lacs quintals compared to last year's 5.38 lacs quintals, the production of sugar was also higher with recovery of 8.34% compared to last year's 8.33%. Due to abnormal rise in sugarcane prices and other inputs it has resulted in loss during the year under review.

The crushing operations for the season 2013-14 started on 04-12-2013 which was continued for 79 days compared to the last year's 63 days. Performance of the Sugar Division compared to last year is as under:

<b>DETAILS</b>	<b>2013-14</b>	<b>2012-13</b>
Start of Crushing Season	04.12.2013	26.11.2012
Close of Crushing Season	21.02.2014	28.01.2013
Cane Crushed (in lacs Qtls)	7.11	5.35
Recovery (%)	8.34	8.33
Sugar Production (in Qtls)	59,242	44,897

**AGRICULTURE DIVISION :**

Sugarcane is an agro product and is fully dependent on nature. As reported last year, yield from captive farms was less due to insufficient rain during the growth period of sugarcane. The supply of sugarcane from captive farms to the factory was less compared to last year.

Keeping in view the long term benefit, the company every year plants trees. This year about 25000 trees were planted and about 317000 trees are standing as on 31.03.2014 planted by the Company in last 23 years.

**INDUSTRIAL STRUCTURE**

The Sugar Mills in the Country have been bleeding for the past 3-4 consecutive years due to huge losses incurred by the mills in the production of sugar. The wide gap between the high cost of production and externally low net realization from sugar have severely impacted the bottom line of the sugar mills. Ex-mill prices of sugar continued to be weak and un-remunerative for the sugar mills. Between September 2012 to January 2014 the sugar price has fallen by almost Rs.7-8 a kg., which has completed up the cash flows resulting in mounting cane arrears of the farmers and unless the prices improve now the sugar industry would be in a severe financial mess. Keeping in view the mounting cane arrears Government of India had sanctioned export subsidy @ Rs,3300/- per ton on raw sugar export for the month of February and March, 2014.

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

**Human Resources :** The Company believes that its employees are a vital resource in the current business environment. The Company is enjoying good and congenial industrial relations at all the Divisions of the Company. As on 31st March, 2014 the total permanent employees were 83 Nos.

**CURRENT OUTLOOK**
**Marketing Division :** The Company is the owner of 'Khaitan' Brand and will earn income from royalty.

**Sugar Division :** Sugarcane is a remunerative crop and planted in moderate areas but due to high temperature and practically no rain for last 6 months it will have bad impact on the standing sugarcane crop. Prevailing market price of sugar is also less compared to the cost of production.



## DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

**Agriculture Division:** The only raw material for sugar industry is sugarcane. By this time practically there is no rain and has the adverse impact on standing crop. However, weather can't be predicted. A significant variation in climatic condition can effect yield, recovery and profitability.

**Risks & Concerns:** Being cyclical in nature, sugar price remains volatile and realizations get adversely affected during a downturn coupled with higher cane price affect the financial position. Procurement of funds to meet working capital requirements and the payment of interest and principle with respect to loans availed. The other associated risk is soaring interest rates.

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, 2014.

**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 financial constraints and adverse condition of Sugar Industry instalments to financial institutions service tax amount and other payments were delayed, however the same have since been paid.

Deferred Tax Assets represent brought forward balances for earlier years which shall be written off in due course.

Your company taking steps to get the balance confirmation from Debtors Creditors Loan deposits capital advances against land, land rent etc. Your directors are taking action to get certification from banks.

### 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-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 Krishna Khaitan and Mr. M K Jalan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

In the terms of the provision of Companies Act 2013, all Independent Directors of the Company must be appointed in accordance with the new Act at a General Meeting of Company within one year of the commencement of the Act. Accordingly Mr. M. K. Jalan, Mr. A. K. Kedia and Dr. V. K. Rungta Independent Directors are recommended for confirmation of appointment as Independent Director for a period of 5 years as par provision of Companies Act 2013.

The details of the Directors being recommended for appointment and contained in the accompanying notice of the forthcoming Annual General Meeting.

**Cost Auditors:** In compliance to the Central Government Order, your Board has appointed M/s A B & 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 is not required as no one is getting Rs 60 lacs 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

Sunil K. Khaitan, Chairman

Kolkata  
the 30th May, 2014

**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**

	2013-14	2012-13
1. Electricity		
a) Purchase Units (in lacs)	5.15	5.02
Total Amount (Rs. in lacs)	49.89	45.91
Rate per unit (Rs.)	9.68	9.14
b) Own Generation		
i) Through Diesel Generator	0.26	0.30
Units (in lacs)		
Units per litre of Diesel oil	4.09	3.79
Cost/Unit (Rs.)	14.54	13.59
ii) Through Steam Turbine/Generator		
Units (in lacs)	32.82	28.79
Units Per Litre of Fuel	} Bagasse, being } by-product, is used as fuel and hence no separate cost to the factory	
Cost per Unit		
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Others/Internal Generation		
Quantity of Fire Wood (Metric Tonnes)	12	9
Total Value (Rs. in lacs)	0.30	0.22
Rate per Unit (Rs.)	0.009	0.008

**II. Consumption per Unit of Production**

Product - Sugar (Qtls).	58781	44588
Electricity (Units/Qtls. of Sugar)	65.03	46.48
Furnace Oil	N.A.	N.A.
Coal	N.A.	N.A.
Others	N.A.	N.A.

**B. TECHNICAL ABSORPTION**
**I. Research & Development (R&D) :**

- 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.
- Benefits derived as a result of the above R & D  
Improvement in cane yield and in quantity of sugar.
- Future Plan of Action:  
Development of cane in Company's Reserved Area and Captive Farms
- 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

### 1. 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:-

### 2. BOARD OF DIRECTORS

The Board currently comprises of 5 (five) Directors out of which four directors (80%) are Non-Executive Directors. The Company has a Non Executive Chairman and the three Independent Directors comprise more than one half of the total strength of the Board. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under the existing Clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013(ACT).

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.

During the year under review, four Board Meetings were held on June 7, 2013, August 14, 2013, November 11, 2013, and February 13, 2014. The maximum time-gap between any two consecutive meetings did not exceed four months. The composition of the Board, attendance at Board Meetings held during the Financial Year under review and at the last Annual General Meeting, number of other directorships and committee memberships are given below:

Name of Directors	Director Identification Number	Category	Attendance at Board Meeting	Attendance at Last AGM	Number of Committee member	Membership in Other Boards	Membership in Other Committees
Mr. Sunil K Khaitan	00127698	C&NED	4 / 4	No	---	3	---
Mr. M.K. Jalan	00598710	ID&NED	2/ 4	No	2	15	---
Mr. A.K. Kedia	00502760	ID&NED	4 / 4	No	2	10	---
Dr. V.K. Rungta	00087032	ID&NED	4 / 4	Yes	4	8	---
Mr. S. Bafna	00127681	WTD	4 / 4	Yes	2	1	---

Category details : C & NED - 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 49 VI (A) of Listing Agreement, resume and other information of the Directors retiring by rotation are as under :-

Mr. Sunil Krishna Khaitan aged about 54 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 Ltd.; Khaitan Lefin Limited and Khaitan Hotels Pvt. Ltd.

Mr. M. K. Jalan, aged about 66 years is an Industrialist having vast experience of business and management. He is a Director of the Company since 1990. His other Directorships are as under:-

MKJ Enterprises Limited; Keventer Agro Ltd., MKJ Developers Ltd., Metro Dairy Limited; Madan Lal Limited, Right Address Limited; Twenty First Century Securities Ltd.; Bengal Port Pvt Ltd, Cambridge Construction (Delhi) Ltd.; MKJ Tradex Limited; Keventer Fresh Ltd, Kulpi Port Holding Pvt Ltd, Dankuni Projects Limited; Eastern Gateway Terminals Pvt Ltd, Keventer Capital Ltd.,

#### 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, 2014, 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, 2014.

### 3. AUDIT COMMITTEE:

The Committee discharges 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.

During the year under review, the Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance and/or audit exposure. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company. During the period under review, Four Audit Committee meetings were held on June 7, 2013, August 14, 2013, November 11, 2013, and February 13, 2014. The composition of the Audit Committee and attendance at its meetings is as follows:

Name	Designation	Category	No of Committee meetings attended during 2013-2014
Dr. V K Rungta	Chairman	Independent, Non Executive Director	4
Mr. A.K. Kedia	Member	Independent, Non Executive Director	4
Mr. M K Jalan	Member	Independent, Non Executive Director	2

**REPORT ON CORPORATE GOVERNANCE (Cont.)**
**4. REMUNERATION COMMITTEE:**

During the year under review, a meeting of the Remuneration Committee was held on February 12, 2014. The composition of Remuneration Committee and attendance at its meeting is as follows:

Name	Designation	Category	No of Committee meetings attended during 2013-2014
Dr. V K Rungta	Chairman	Independent, Non Executive Director	1
Mr. A.K. Kedia	Member	Independent, Non Executive Director	1
Mr. M K Jalan	Member	Independent, Non Executive Director	1

**Remuneration of the non-executive directors :-**

Independent and Non Executive Directors were paid sitting fees of Rs.5,000/- per meeting of Board of Directors or any Committee thereof.

**Remuneration of the executive directors:-**

a) Mr. Surendra Bafna -----Salary and perquisites of Rs. 7.33 Lacs per annum.

The details of remuneration to the Directors during the period under review is as under.

(Rs. in Lacs)

NAME	Catogory	SALARY& PERQUISITES	MEETING FEES	TOTAL
Mr. Sunil K Khaitan	C&NED	-	0.20	0.20
Mr. M.K. Jalan	ID&NED	-	0.20	0.20
Dr. V K Rungta	ID&NED	-	0.60	0.60
Mr. A.K. Kedia	ID&NED	-	0.40	0.40
Mr. S. Bafna	WTD	7.33	-	7.33

**5. SHARE TRANSFER COMMITTEE:**

During the year, the Committee met 3 times on 28.6.2013, 19.10.2013 and 16.01.2014. The composition of the Audit Committee and attendance at its meetings is as follows:

Name	Designation	Category	No of Committee meetings attended during 2013-2014
Mr. Sunil K. Khaitan	Member	Non Executive Director	3
Dr. V.K. Rungta	Chairman	Independent, Non Executive Director	3
Mr. S. Bafna	Member	Wholetime Director	3

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

**6. SHAREHOLDERS GRIEVANCE COMMITTEE:**

The Stakeholder Relationship Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share/debenture transfers, non-receipt of annual reports, interest/dividend payments, issue of duplicate certificates, transmission (with and without legal representation) of shares and debentures, matters pertaining to Company's fixed deposit programme and other miscellaneous complaints. During the year, the Committee met 4 times on June 6, 2014; August 14, 2013; November 14, 2013 and February 13, 2014. The composition of the Audit Committee and attendance at its meetings is as follows:

Name	Designation	Category	Meetings Attended
Dr. V K Rungta	Chairman	Independent, Non Executive Director	4
Mr. S. Bafna	Member	Whole Time Director	4

**Compliance Officer**

Mr. Surendra Bafna, Wholetime Director of the company was appointed as the Compliance officer as required under the terms of Listing Agreement with Stock Exchanges. He can be contacted at: Khaitan India Limited, 7, Red Cross Place, Kolkata-700001.

Tel: 2210 3331 / Fax: 033 2248 7516

Email: kilsugar@vsnl.net

Complaints or queries relating to the shares and/or debentures can be forwarded to the Company's Registrar and Transfer Agents- M/s. Maheshwari Datamatics (P) Ltd., at mdpl@cal.vsnl.net.in. As on 31.03.2014, there were no pending share transfers and/or complaints from the shareholders/ investors.



## REPORT ON CORPORATE GOVERNANCE (Cont.)

### 7. GENERAL BODY MEETING

Details of last three Annual General Meetings are as follows :

YEAR	LOCATION	DATE	TIME
2012-13	Merchant Chamber of Commerce		
	15-B, Hemant Basu Sarani, Kol-1	25.09.2013	11.30 A.M.
2011-12	Merchant Chamber of Commerce		
	15-B, Hemant Basu Sarani, Kol-1	26.09.2012	11.30 A.M.
2010-11	Merchant Chamber of Commerce		
	15-B, Hemant Basu Sarani, Kol-1	22.09.2011	11.30 A.M.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of Members attending the meeting..

### 8. DISCLOSURES

- 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.
- Details of related party transactions entered into by the Company are included in the Notes to Accounts. Material individual transactions with related parties are in the normal course of business on an arm's length basis and do not have potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of business are placed before the Audit Committee.
- The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.

### 9. MEANS OF COMMUNICATIONS

The quarterly/ half yearly/ annual un-audited/ audited financial results of the company are submitted to the stock exchanges immediately after they are approved by the Board of Directors and are published in the Business Standard and Arthick Lipi.

### 10. MANAGEMENT DISCUSSION & ANALYSIS

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

### 11. NOTES ON DIRECTORS APPOINTMENT/REAPPOINTMENT

Relevant details form part of the explanatory statement, attached with the notice of the Annual General Meeting.

### 12. SHAREHOLDER'S INFORMATION

The Company is registered with the Registrar of Companies, Kolkata, West Bengal. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L10000WB1936PLC008775.

- Date, time and Venue of Next Annual General Meeting** : 29th September, 2014 at  
Bhartiya Bhasha Parishad,  
36A, Shakspeare Sarani, 4th Floor  
Kolkata-700017
- Date of Book Closing** : 22nd to 29th September, 2014 (both  
days inclusive)
- Dividend Payment Date for the Financial Year 2013-2014.** : Dividend has not been recommended
- 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)

**REPORT ON CORPORATE GOVERNANCE (Cont.)**
**e) Financial Calendar**

Financial Year	ending March 31
Results for the Quarter ending	
June 30, 2013	August 14, 2013
September 30, 2013	November 14, 2014
December 31, 2013	February 13, 2014
March 31, 2014	May 30, 2014

**f) Payment of Listing Fees**

The Company had applied for de-listing with the Calcutta Stock Exchange Ltd. which is pending since 2007. No payment of Listing Fees is made to them.

Listing fees have been paid for the year 2013-14 to NSE.

ISIN No. for the Company's Ordinary Shares in Demat Form is INE 731 CO1018.

Market Price												(2013-14)
NSC	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
HIGH	22.30	22.30	22.30	21.20	22.25	22.00	20.00	20.50	20.50	22.70	20.80	20.75
LOW	22.30	22.30	22.30	21.20	22.25	22.00	20.00	20.50	20.50	20.80	20.80	20.00

**h) Distribution Of Shareholdings as on 31st March, 2014**
**i) According to Category of Holding :**

Category	Shareholders		Shares	
	Nos	%	No.	%
Promoters Group	11	0.40	2461432	51.52
Banks, Financial Institution	2	0.07	1234	0.03
Private Corporate Bodies	82	2.96	1269583	26.73
Indian Public	2673	96.35	1015258	21.37
Others /Clearing Members	6	0.22	2493	0.05
Total ->	2774	100.00	4750000	100.00

**ii) Pattern of Shareholdings as on 31st March, 2014:**

Shareholding Pattern			Shareholders		Shares	
			Nos.	%	Nos.	%
upto	500		2521	90.88	434668	9.15
501	To	1000	118	4.25	100117	2.11
1001	To	2000	55	1.98	80674	1.70
2001	To	3000	15	0.54	37952	0.80
3001	To	4000	6	0.22	20789	0.44
4001	To	5000	8	0.29	36111	0.76
5001	To	10000	13	0.47	102594	2.16
10001	and	above	38	1.37	3937095	82.88
Grand Total			2774	100.00	4750000	100.00



---

## REPORT ON CORPORATE GOVERNANCE (Cont.)

**i) 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

Phone Nos.: 033-2243 5029/5809, 2248 2248

Fax : 033-22484787, E-mail : mdpl@cal.vsnl.net.in

**j) Share Transfer System:**

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

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

**k) Dematerialisation of shares:**

The Company's shares are compulsorily traded in dematerialized form and are available for trading under both Depository Systems, NSDL and CDSL. As on 31.03.2014 a total of 4308538 Equity Shares of the Company were held in demat mode.

**l) Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion data and impact on equity - Nil**

**m) Plant Location:**

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

For and on behalf of the Board

Sunil K. Khaitan  
Chairman



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

To the Members of  
Khaitan (India) Ltd

We have reviewed the compliance of conditions of Corporate Governance by Khaitan (India) Limited for the year ended 31st March 2014, 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 30th May, 2014

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

CA Nilima Joshi  
Partner  
(Membership No. 52122)



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KHAITAN (INDIA) LIMITED

### Report on the Financial Statements:

1. We have audited the accompanying financial statements of Khaitan (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibilities:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Qualified Opinion:

- A. *Attention is provided to Note no. 14 regarding deferred tax asset which have not been written off amounting to Rs.3,26,43,751/- being recognized in the Balance Sheet. If the Deferred tax asset had been written off during the year, there would be a loss of Rs.5,10,46,258/- as against the loss of Rs.1,84,02,507/- shown in these financial statements. Deferred tax asset balance in the Balance sheet would amount to 'NIL' as against Rs.3,26,43,751/- as disclosed in these financial statements.*
- B. *Closing balances of Debtors, Creditors, loans, deposits, advances, capital advances taken against land, old liabilities relating to gratuity, land rent & panchayat tax and some bank balances are unconfirmed and fixed deposit receipts and National Saving certificates are not available with the company, in respect of which we are unable to express our opinion.*

### Qualified Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, *except for the matter referred to in paragraph 5 above*, the financial statements give the information required by the Act 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 March 31, 2014;
  - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter :

7. Without qualifying our opinion, we draw attention to the following matters:
  - a. *Attention is drawn to Note No. 2(f) 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.*

### Report on Other Legal and Regulatory Requirements :

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by section 227(3) of the Act, we report that:
  - a) *except for the matter referred to in paragraph 5 above, 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;*
  - b) *in our opinion, except for the matter referred to in paragraph 5 above, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;*
  - c) *except for the matter referred to in paragraph 5 above, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;*
  - d) *in our opinion, except for the matter referred to in paragraph 5 above, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and*
  - e) *on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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  
Registration No. 302137E  
CA Nilima Joshi  
Partner  
(Membership No. 52122)

**ANNEXURE TO THE INDEPENDENT AUDITORS REPORT REFERRED TO IN PARAGRAPH 9 "UNDER REPORT AND OTHER LEGAL ON REGULATORY REQUIREMENTS" SECTION OF OUR REPORT OF EVEN DATE**

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 program 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 provision 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 three companies covered in the register maintained under Section 301 of the Companies Act. The maximum amount involved during the year was Rs.27,51,96,474/- and the year end balance of loans taken is Rs.26,86,10,530 /- (including interest).
- 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 transactions made in pursuance 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 there under are not applicable
7. In our opinion, the company's internal audit needs to be strengthened.
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 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 became payable except *Panchayat tax amounting to Rs.65,461/-*. Further *Service tax amounting to Rs.5,35,568/- has not been paid by the company*.
- ii. 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 except dues outstanding of Sales Tax and Income Tax on account of any dispute are as follows :

Name of Status	Nature of Class Class	Amount Rs.	Period to which is relating	Forum where dispute is pending
Maharashtra Sales	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 -	28,018	2007 - 08	Department filed appeal before ITAT
	- Do -	50,42,790	2006 - 07	Department filed appeal before ITAT
	- Do -	53,21,692	2005 - 06	Company filed appeal before ITAT
	- Do -	23,29,884	2004 - 05	Department filed appeal before ITAT
	- Do -	48,83,986	2003 - 04	Appeal filed before CIT(A)



---

**ANNEXURE TO THE INDEPENDENT AUDITORS REPORT REFERRED TO IN PARAGRAPH 9 "UNDER REPORT AND OTHER LEGAL ON REGULATORY REQUIREMENTS" SECTION OF OUR REPORT OF EVEN DATE (Cont.)**

10. The Company does not have accumulated losses more than fifty percent of its net worth at the end of the financial year but 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 installments of Rs.10 lakhs each pertaining to the period April'13 to March, 14.*
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 share, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual fund/society. Therefore, the provision 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 share, 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 term 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 further term loan during the year.
17. According to the information and explanation given to us and on an overall examination of the balance sheet and the cash flow statement of the company, we report that no funds raised on short term basis have been used for long term investment.
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.

60 Bentinck Street  
Kolkata-700069  
the 30th May, 2014

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

CA Nilima Joshi  
Partner  
(Membership No. 52122)

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Notes No.	2013-14 Rs.	2012-13 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	47,500,000	47,500,000
Reserves & Surplus	4	484,366,412	502,768,921
<b>Non Current Liabilities</b>			
Long Term Borrowings	5	31,970,458	31,105,336
Long Term Liabilities	6	1,276,000	-
Long Term Provisions	7	6,428,962	6,894,418
<b>Current Liabilities</b>			
Short Term Borrowings	8	404,432,548	379,648,309
Trade Payables	9	55,908,683	39,881,864
Other Current Liabilities	10	31,133,385	43,680,987
Short Term Provisions	11	3,978,201	2,920,425
<b>TOTAL</b>		<b>1,066,994,649</b>	<b>1,054,400,260</b>
<b>II. ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	12	619,383,775	625,664,068
Non Current Investments	13	165,032,043	165,032,043
Deferred Tax Assets (Net)	14	32,643,751	32,643,751
Long Term Loans and Advances	15	47,412,094	41,617,558
Other Non Current Assets	16	28,874,063	16,414,069
<b>Current Assets</b>			
Inventories	17	153,816,720	141,336,354
Trade Receivables	18	6,499,000	8,074,408
Cash & Cash Equivalents	19	3,399,465	10,391,344
Short Term Loans and Advances	20	9,491,951	12,798,078
Other Current Assets	21	441,793	428,597
<b>TOTAL</b>		<b>1,066,994,649</b>	<b>1,054,400,260</b>

Notes to Accounts & Significant Accounting Policies 1 to 44 • The Notes referred to above form an integral part of Balance Sheet.

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Notes No.	2013-14 Rs.	2012-13 Rs.
<b>REVENUE</b>			
Revenue from Operation	22	297,177,692	254,409,547
Other Income	23	4,176,429	21,906,686
<b>Total Revenue</b>		<b>301,354,121</b>	<b>276,316,233</b>
Cost of Materials consumed	24	190,676,189	159,195,552
Change in inventories of finished goods	25	(8,894,373)	(10,431,993)
Work in progress			
Other Manufacturing Expenses	26	45,662,213	41,796,354
Employees Benefits Expenses	27	28,334,125	29,413,833
Finance costs	28	42,744,438	51,389,410
Depreciation & Amortisation Expenses	11	14,089,004	14,699,914
Other Expenses	29	7,145,034	9,100,057
<b>Total Expenses</b>		<b>319,756,631</b>	<b>295,163,127</b>
PROFIT/(LOSS) BEFORE EXCEPTIONAL EXTRAORDINARY ITEMS & TAX		<b>(18,402,509)</b>	<b>(18,846,894)</b>
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX			
Profit/(Loss) for the period from continuing operations			
<b>Profit (Loss) for the Period</b>		<b>(18,402,509)</b>	<b>(18,846,894)</b>
Basic Earning Per Share of Rs. 10 each (In Rupees)	33	(3.87)	(3.97)
Diluted Earning Per Share of Rs. 10 each (In Rupees)	33	(3.87)	(3.97)
Notes to Accounts & Significant Accounting Policies			
The Note Nos. 1 to 44 are integrated part of these Financial Statements			

For CHATURVEDI & CO.  
Chartered Accountants  
Registration No. 302137E  
CA Nilima Joshi Partner  
(Membership No 52122)

SUNIL K. KHAITAN Chairman  
S. BAFNA Executive Director

60 Bentinck Street  
Kolkata -700 069  
the 30th May, 2014



## CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES

### FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash flow from operating activities</b>				
Net Profit/ (Loss) before extraordinary items and tax				
<u>Adjustment for :</u>		(18,402,507)		(18,846,894)
Sundry Loans and Advances written off	39,853		2,013,234	
Provision for employees benefit Leave encashment	(233,828)		(29,532)	
Provision for Group Gratuity Scheme	(465,456)		(104,211)	
Liabilities/ Provision no longer required written back	(882,829)		(29,137)	
Depreciation and amortisation	14,089,004		14,699,914	
Finance cost	42,744,438		51,389,410	
Interest income received	(468,450)		(385,454)	
Rental Income received	(1,683,767)		(2,366,110)	
Prior period items debited to Profit & Loss A/c			143,693	
Profit on sale of Fixed Assets	(45,000)	53,093,966	(14,021,870)	51,309,937
<b>Operating Profit or Loss before Working Capital Changes</b>		34,691,458		32,463,043
<u>Changes in Working Capital</u>				
Decrease in current assets	(25,672,589)		(11,547,320)	
Decrease in current liabilities	6,695,821	(18,976,768)	(4,982,362)	(16,529,682)
Net cash flow from / (used in) operating activities (A)		15,714,690		15,933,361
<b>B. Cash flow from investing activities</b>				
Proceeds from sale of fixed assets	45,000		14,022,534	
Proceed on sale of investment	-		300,001	
Capital Investment Subsidy	-		4,604,000	
Interest & Dividend received	468,450		385,454	
Rental income received	1,683,767		2,366,110	
Other non current assets inflow	-		11,416,033	
Loans and advances inflow	-		(6,443,208)	
Purchase of Fixed Assets	(7,808,707)	(5,611,490)	(8,912,586)	17,738,338
Net cash flow from / (used in) investing activities (B)		(5,611,490)		17,738,338
<b>C. Cash flow from financing activities</b>				
Loan Taken	65,064,644		18,734,266	
Non Cash Expenditure on a/c of decreased in revalued reserve			947,700	
Loan Repaid	(39,415,283)		679,691	
Finance cost	(42,744,438)	(17,095,077)	(51,389,410)	(31,027,753)
Net cash flow from / (used in) financing activities (C)		(17,095,077)		(31,027,753)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(6,991,877)		2,643,946
Cash and cash equivalents in the beginning of the year		10,391,344		7,747,397
Cash and cash equivalents at the end of the year*		3,399,465		10,391,343
Cash and cash equivalents at the end of the year *				
* Comprises:				
Cash on Hand				
In Current Accounts	360,201		511,456	
In Deposit Accounts	707,932		4,589,074	
In Earmarked Accounts	2,312,437		5,269,518	
	18,895	3,399,465	21,295	10,391,343

For CHATURVEDI & CO.  
Chartered Accountants  
Registration No. 302137E  
CA Nilima Joshi Partner  
(Membership No 52122)

60 Bentinck Street  
Kolkata -700 069  
the 30th May, 2014

SUNIL K. KHAITAN Chairman  
S. BAFNA Executive Director

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014****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 utilising the same for manufacturing sugar in its factory.

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

The Financial Statements are prepared in accordance with generally accepted Accounting Standards in India and the provisions of the Companies Act, 1956.

**b) Basis of Accounting**

The accrual basis of accounting is followed 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. 5,000/- 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 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**

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 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 Bank Balance**

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

**h) Foreign Exchange Transaction**

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 recognized 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.



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

**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 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.

**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 and 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.**

Particulars	31.03.2014 Rs.	31.03.2013 Rs.
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
2,47,50,000 Equity Shares of Rs.10/- each with voting rights	247,500,000	247,500,000
4,000 6% Income-Tax-Free Cumulative Preference Shares of Rs.100/- each	400,000	400,000
21,000 Preference Shares of Rs.100/- each	2,100,000	2,100,000
	<b>250,000,000</b>	<b>250,000,000</b>
<b>Issued &amp; Subscribed</b>		
* 47,50,000 Equity Shares of Rs.10/- each fully paid up	47,500,000	47,500,000
	<b>47,500,000</b>	<b>47,500,000</b>

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	31.03.2014		31.03.2013	
Particulars	Number of Shares	Amount Rs.	Number of Shares	Amount Rs.
<b>Equity Share Capital</b>				
<b>Opening Balance</b>	4,750,000	47,500,000	4,750,000	47,500,000
<b>Add : Increase</b>	Nil	Nil	Nil	Nil
	4,750,000	47,500,000	4,750,000	47,500,000
<b>Less : Decrease</b>	Nil	Nil	Nil	Nil
	4,750,000	47,500,000	4,750,000	47,500,000

Reconciliation of the no. of shares and amount outstanding at the beginning and end of the accounting period	31.03.2014		31.03.2013	
Particulars	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
<b>Khaitan Lefin Limited</b>	1,131,561	23.82%	1,131,561	23.82%
<b>Khaitan Hotels Pvt. Limited</b>	555,745	11.70%	555,745	11.70%
<b>The Oriental Mercantile Company Limited</b>	398,448	8.39%	398,448	8.39%



**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars		31.03.2014 Rs.		31.03.2013 Rs.
<b>4. RESERVES &amp; SURPLUS</b>				
REVALUATION RESERVE				
At the beginning of the year	409,638,024	-	410,585,724	409,638,024
Less : On Disposal of Fixed Assets			947,700	
		409,638,024		
GENERAL RESERVE				
As per last Balance Sheet		159,874,197		159,874,197
STATEMENT OF PROFIT & LOSS A/C				
At the beginning of the year	(66,743,300)		(47,896,406)	
Less : Transferred from deficit in Statement of Profit/Loss			(18,846,894)	
At the end of the year	(18,402,509)	(85,145,809)		(66,743,300)
<b>Total</b>		<b>484,366,412</b>		<b>502,768,921</b>

Particulars	2013-14 Rs.	2012-13 Rs.
<b>5. LONG TERM BORROWINGS</b>		
<b>A. Secured Loans from Banks</b>		
(i) Term loan from IDBI under Corporate Loan Scheme	-	12,782,959
Less : Current Maturities of Term Loans (Refer Note No. 9)	-	12,000,000
		782,959
<b>B. From Others</b>		
Secured loan from Sugar Development Fund	31,970,458	30,322,377
<b>TOTAL</b>	<b>31,970,458</b>	<b>31,105,336</b>

**Details of Security**

- Working Capital Term loan from IDBI was secured by Hypothecation of Stock, Book Debts, Standing Corps, all Moveable Properties and Mortgage of 2067.21 acres of Company's Agriculture Land and second charge on Fixed Assets of Sugar Division and guarantee of its one director, 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.

**Terms of Repayment of Secured Term Loans**

- Loan from Sugar development fund for Rs. 287.55 lacs sanctioned on 31-03-1992 to be disbursed in 3 installments upto 31-03-1995. However, only one instalment of Rs. 132.19 lacs 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 instalments after expiry of moratorium period and interest on loan was payable annually. At present amount due on principal account is Rs.8563117 (Previous Year Rs.8563117) and Rs.23407350.70 (Previous Year Rs.21759260) 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.1648081 for the year (Previous Year Rs.1554793) has been provided as per agreement.

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

- Term Loan from IDBI was to be paid in monthly instalment of Rs.10 lacs. Although the full amount has been paid but the same has not been paid on due dates either in F.Y 2013-14; 2012-13 and 2011-12 and hence over and above the interest, compound interest and penalty on principal amount has been imposed.
- The loan from Sugar Development Fund of Rs. 132.19 lacs was repayable in 4 annual instalments by 1999. There is a continuous default now. Principal amount of Rs. 46,56,883 has been paid and balance amount due is Rs. 8563117 as on 31-03-2014 (F. Y. 2013-14) and interest due is Rs.23,407,350.70 as on 31.03.2014.

Particulars	2013-14 Rs.	2012-13 Rs.
<b>6. LONG TERM PROVISIONS</b>		
-Trade / Security Deposits Received	1,276,000	
<b>Total</b>	<b>1,276,000</b>	



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	2013-14 Rs.	2012-13 Rs.
<b>7. LONG TERM PROVISIONS</b>		
-Employee Benefits *		
Provision for Gratuity	4,778,962	5,244,418
-Provision for Income Tax	1,650,000	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>6,428,962</b>	<b>6,894,418</b>
<b>8. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Cash Credit Account	32,222,018	32,854,342
<b>Nature of Security :</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 on Fixed Assets of sugar division and guarantee of one of its director, overdrafts against pledge of Fixed Deposit receipts.		
<b>Unsecured</b>		
Loans and Advances from Related Parties	268,610,530	205,593,967
Inter-Corporate Deposit	103,600,000	141,200,000
<b>TOTAL</b>	<b>404,432,548</b>	<b>379,648,309</b>
<b>9. TRADE PAYABLE</b>		
Other than Acceptances	55,908,683	39,881,864
<b>TOTAL</b>	<b>55,908,683</b>	<b>39,881,864</b>

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.

Particulars	2013-14 Rs.	2012-13 Rs.
<b>10. OTHER CURRENT LIABILITIES</b>		
<b>Current maturity of long term debt</b> (Refer Note no.5)		
Term Loan from Banks		
Secured	-	12,000,000
<b>Other Payables</b>		
Trade / Security Deposits received	7,074,885	9409879
Interest Accrued & Due	-	754636
Statutory Remittance	7,792,145	5480095
Dues of Employees	2,517,418	2662231
Contractually Reimbursable Expenses	4,149,018	5307232
Liability for expenses	7,749,858	7716853
Capital Advance against sale of land	1,850,061	350061
<b>TOTAL</b>	<b>31,133,385</b>	<b>43680987</b>

(\*) This have been shown net of advances paid amounting to Rs. 24,63,681/-

Particulars	2013-14 Rs.	2012-13 Rs.
<b>11. SHORT TERM PROVISIONS</b>		
<b>EMPLOYEE BENEFITS</b>		
Provision for Bonus	929,473	867,421
Provision for Gratuity	3,048,728	2,053,004
<b>TOTAL</b>	<b>3,978,201</b>	<b>2,920,425</b>

## 12 FIXED ASSETS-TANGIBLE

Description	Gross Block-Cost/Book Value					Depreciation / Amortisation				Net Block	
	Total as at 01.04.2013	Addition/ Adjustment during the year	Deduction/ Adjustment during the year	Impairment/ (reversal) during the year	Total as at 31.03.2014	Total as at 01.04.2013	Provided during the year	Deductions/ Adjustment during the year	Total as at 31.03.2014	2013-14	2012-13
Land											
Freehold	429824617	-	-	-	429824617	-	-	-	-	429824617	429824617
Buildings :-											
(a) Factory	19128756	-	-	-	19128756	13238803	313839	-	13552642	5576114	5889953
(b) Others	34085422	-	-	-	34085422	6300962	555593	-	6856555	27228867	27784460
Plant & Machinery	323261887	7619617	-	-	330881504	162686634	12889247	4	175575877	155305627	160575253
Vehicles	3900887	-	75573	-	3825314	3282449	227495	75573	3434371	390943	618438
Office Equipments	2170800	21500	-	-	2192300	1764592	31334	-	1795926	396374	406208
Furniture & Fixtures	3000927	167590	-	-	3168517	2436886	71496	-	2508382	660135	564041
Ferry Right	1098	-	-	-	1098	-	-	-	-	1098	1098
TOTAL	815374394	7808707	75573	-	823107528	189710326	14089004	75577	203723753	619383775	625664068
Previous Year	807410171	8912586	948363		815374394	175010412	14699914	-	189710326	625664068	

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



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Number	Face Value Per Unit	Particulars	2013-14 Rs.	2012-13 Rs.
		<b>13. 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)	10000	11.5% Maharashtra Krishna Valley Dev. Corpn.	<b>34,499</b>	34,499
		<b>Unquoted</b>		
		National Defence / Saving Certificates	<b>7,100</b>	7,100
		<b>Total Investments</b>	<b>165,032,043</b>	165,302,043
		Aggregate Value of		
		Quoted Investments	<b>82,410,830</b>	82,680,831
		Unquoted Investments	<b>82,621,213</b>	82,621,213
		Market Value of Quoted Investments	<b>86,037,600</b>	119,196,575

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

### 14. Deferred Tax

a) Net Deferred tax assets as on 31.03.2014 is Rs 8,71,23,847/- (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.5,44,80,096/- (Previous Year Rs 4,92,22,663/-) has not been recognised due to uncertainty on prudence basis and opening deferred tax asset of Rs.3,26,43,751 has been kept in Balance Sheet.

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

	31.03.2014	31.03.2013
<b>DEFERRED TAX ASSET/ (LIABILITY)</b>		
DTA on account of brought forward losses	<b>99,831,182</b>	93,868,060
DTL on account of Fixed Assets	<b>-12,707,335</b>	-12,001,646
Deferred Tax Assets (Net)	<b>87,123,847</b>	81,866,414
Asset/(Liability) for the Year	<b>54,480,096</b>	49,222,663

Particulars	2013-14 Rs.	2012-13 Rs.
<b>NON CURRENT ASSETS</b>		
<b>15. LONG TERM LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Security Deposits	<b>219,432</b>	219,432
Planned Asset (Leave Encashment)	<b>500,773</b>	266,945
Advance Income Tax & FBT	<b>46,691,889</b>	41,131,181
<b>TOTAL</b>	<b>47,412,094</b>	41,617,558
<b>16. OTHER NON CURRENT ASSETS</b>		
(Unsecured considered good)		
Long Term Trade Receivables	<b>24,399,379</b>	15,475,280
(Outstanding from more than 6 months		
In Deposit Accounts (under Lien against Bank Guarantee	<b>3,535,905</b>	-
with maturity of more than 12 months)		
Interest on Land Compensation	<b>938,779</b>	938,779
<b>TOTAL</b>	<b>28,874,057</b>	16,414,069

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Long term trade receivable includes Rs.14,43,147/- which is under litigation and is considered good. Also includes Rs.9426132.91 on account of dealer outstandings which has been taken over by Khaitan Electricals Ltd in 2012-13 but due to impossibility of collection of same by them, the same have been reversed in the books and shown as receivables again in 2013-14

Particulars	2013-14 Rs.	2012-13 Rs.
<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	8,819,643	6,933,253
Planted Trees	65,378,643	63,614,890
Process Stock (Afforestation scheme)	1,767,948	1,563,157
Process Stock of Standing Sugarcane	20,502,272	18,887,562
Loose Tools	261,348	381,245
Process stock (Sugar)	6,348,717	3,149,400
Finished Goods	50,738,149	46,806,847
<b>TOTAL</b>	<b>153,816,720</b>	<b>141,336,354</b>
<b>18. TRADE RECEIVABLES</b>		
Trade receivable outstanding for a period exceeding 6 months		
Secured considered good	5,839,600	-
Doubtful debts	1,018,381	1,018,381
Less : Provision for Doubtful Debts	(1,018,381)	(1,018,381)
<b>Other Trade Receivable</b>		
Secured considered good	659,400	8,074,408
<b>TOTAL</b>	<b>649,900</b>	<b>8,074,408</b>
<b>19. CASH &amp; BANK BALANCES</b>		
Cash and Cash Equivalents		
Cash in hand and as Imprest	360,201	511,457
<b>Balance with Banks :</b>		
In Current Accounts	707,932	4,589,074
In Deposit Accounts (under lien against bank guarantee) Maturity of less than 12 months)	2,312,437	5,269,518
In earmarked accounts (gratuity & superannuation scheme)	18,895	21,295
<b>TOTAL</b>	<b>3,399,465</b>	<b>10,391,344</b>
<b>20. SHORT TERM LOANS AND ADVANCES</b>		
Loans and Advances to related parties	5,948,081	5,948,080
Prepaid Expenses	229,885	116,193
Advances to Employees	299,743	276,424
Cane Advances	787,687	3,872,970
Advance against expenses	164,541	128,599
Balance with Government Authorities		
Cenvat credit	410,536	788,090
Sales Tax Deposit/ Advance	1,258,862	1,285,323
Others (PF,ESI, etc.)	392,616	382,399
<b>TOTAL</b>	<b>9,491,951</b>	<b>12,798,078</b>

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

Particulars	2013-14 Rs.	2012-13 Rs.
<b>21. OTHER CURRENT ASSETS</b>		
Others	300	300
Interest Receivable	441,493	428,297
<b>TOTAL</b>	<b>441,793</b>	<b>428,597</b>
<b>22. REVENUE FROM OPERATIONS</b>		
Sales of Products	258477446	206,362,408
Sales of Services	47269497	54,015,939
<b>Total</b>	<b>305746943</b>	<b>260,378,347</b>
Less : Excise Duty	8569251	5,968,800
<b>NET SALES</b>	<b>297177692</b>	<b>254,409,547</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	2013-14 Rs.	2012-13 Rs.
<b>DETAILS OF REVENUE FROM OPERATIONS</b>		
<b>Sales of products comprises</b>		
<b>Manufactured goods</b>		
Sugar	160,126,773	133,997,335
Sugarcane	48,357,877	38,558,888
Molasses	33,196,287	16,477,699
Others	16,796,509	17,328,486
<b>TOTAL</b>	<b>258,477,446</b>	<b>206,362,408</b>
<b>23. OTHER INCOME</b>		
Interest Income	468450	385,454
Other Non-operating Income	3662979	7,499,362
Profit on sale of Assets	45000	14,021,870
<b>TOTAL</b>	<b>4176429</b>	<b>21906686</b>
<b>DETAILS OF INTEREST INCOME</b>		
Interest Income	468450	385,454
<b>DETAILS OF Other Non Operating Income</b>		
Subsidy Income from WBIDC	-	4,604,000
Liability no longer required written back (Refer Note No 38)	882,829	29,137
Rent	5,816	6,549
Implement & Tractor hire charges realised	216,670	-
Rent Receipt	1,677,951	2,366,110
Miscellaneous Income	879,713	493,566
<b>Total Other Non Operating Income</b>	<b>3,662,979</b>	<b>7,499,362</b>
<b>24. COST OF MATERIAL CONSUMED</b>		
Raw & Process Materials Consumed	171322491	142,935,314
Power & Fuel	8333674	8,140,511
Stores, Spares, Chemicals & Packing Materials Consumed	11020024	8,119,727
<b>TOTAL</b>	<b>190676189</b>	<b>159,195,552</b>
<b>25. CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND STOCK IN TRADE</b>		
Stock at Close - Standing Trees	65378643	63,614,890
Stock at Close - Process	6348717	3,149,400
Stock at Close - Finished	50738149	46,806,847
<b>Total</b>	<b>122,465,509</b>	<b>113,571,137</b>
Stock at Commencement - Process	66764290	68,410,495
Stock at Commencement - Finished	46806847	34,728,649
<b>Total</b>	<b>113571137</b>	<b>103,139,144</b>
Increase/(Decrease) in Stock	8,894,373	10,431,993
<b>26. OTHER MANUFACTURING EXPENSES</b>		
Processing Charges	32781969	27,050,648
Repairs - Plant & Machinery	12650575	13,851,0612
Repairs - Buildings	280979	482,219
Excise Duty *	(51,310)	412,425
<b>TOTAL</b>	<b>45662213</b>	<b>41,796,354</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	24602398	25,146,472
Contribution to Provident & Superannuation Fund	2708039	3,035,864
Staff Welfare Expenses	1023689	1,231,497
<b>TOTAL</b>	<b>28334125</b>	<b>29,413,833</b>

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	2013-14 Rs.	2012-13 Rs.
<b>28. FINANCE COST</b>		
Interest Expenses on Term Loans	2,830,118	4,417,107
Interest Expenses on Overdrafts & Other Borrowings	39,605,217	46,959,725
Other Borrowings Cost	309,103	12,578
<b>TOTAL</b>	<b>42,744,438</b>	<b>51,389,410</b>
<b>29. OTHER EXPENSES</b>		
Rent	492,000	269,350
Rates & Taxes	808,394	822,904
Insurance	151,363	161,675
Advertisement, Publicity & Sales Promotion	32,072	9,203
Travelling & Other Incidental Expenses	889,508	1,015,393
Office Maintenance	217,195	263,944
Vehicle Running & Maintenance	989,379	1,227,889
Printing & Stationery	319,150	432,138
Communication Expenses	369,576	296,742
Staff Recruitment & Training	-	1,180
Membership & Subscription	5,000	-
Auditors Remuneration - As Auditors	77,716	94,524
Legal, Professional & Consultancy Charges	1,163,960	1,214,243
Freight & Forwarding (Including Ocean Freight)	-	650,527
Directors' Sitting Fees	140,000	125,000
Filing Fees	51,731	74,841
Sundry Balance Written off	39,853	2,013,234
Miscellaneous Expenses	179,654	170,388
Bank Charges	45,687	50,959
Commission And Brokerage	1,172,796	205,924
<b>TOTAL</b>	<b>7,145,034</b>	<b>9,100,057</b>
<b>30. Auditors Remuneration</b>		
As Auditors	39,326	38,605
For Tax Audit	11,236	11,030
For Certification	27,154	44,889
<b>TOTAL</b>	<b>77,716</b>	<b>94,524</b>
<b>31. Prior Period Expenses</b>		
Rates and Taxes		71,803
Salary & Bonus	59,420	23,026
Repair to Building		
Cane Price	10,000	--
Commission	--	
Legal & Professional		23,711
Power & Fuel	212,800	25,153
Interest	--	506,658
<b>TOTAL</b>	<b>282,220</b>	<b>650,351</b>
<b>32. Contingent Liabilities, not provided for, in respect of:</b>		
i) Guarantee/Sureties given by the Company for its Business Associates	3,250,000	3,050,000
ii) Counter Guarantee against Guarantees given by the bank to various authorities	2,728,172	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)	32,570,557	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>(18,402,509)</b>	<b>(18,846,894)</b>
<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	(3.87)	(3.97)
Diluted	(3.87)	(3.97)



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

### 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 :

(Rs.in Lacs)

Particulars	Unallocated Corp		Marketing Division		Sugar Division		Agriculture Division		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>REVENUE</b>										
Sales & Operating Income	-	-	472.69	540.16	1883.56	1,491.86	615.52	512.07	2,971.78	2,544.09
Other Income	16.78	23.66	0.60	0.17	21.52	52.85	2.87	142.38	41.76	219.06
Increase/(Decrease) in Stock		-			71.31	99.62	17.64	4.70	88.94	104.32
<b>TOTAL REVENUE</b>	<b>16.78</b>	<b>23.66</b>	<b>473.29</b>	<b>540.33</b>	<b>1,976.39</b>	<b>1,644.33</b>	<b>636.03</b>	<b>659.15</b>	<b>3,102.48</b>	<b>2,867.47</b>
<b>RESULTS</b>										
PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION	5.97	(13.69)	459.91	524.40	(184.02)	(218.22)	102.45	179.92	384.31	472.41
Less :									-	-
a) Depreciation	(5.29)	(5.29)	(1.02)	(1.10)	(131.73)	(137.90)	(2.85)	(2.70)	(140.89)	(146.99)
b) Interest			(372.81)	(444.88)	(54.64)	(69.01)	-	-	(427.44)	(513.89)
<b>TOTAL PROFIT BEFORE TAX</b>	<b>0.68</b>	<b>(18.98)</b>	<b>86.08</b>	<b>78.42</b>	<b>(370.39)</b>	<b>(425.13)</b>	<b>99.60</b>	<b>177.22</b>	<b>(184.02)</b>	<b>(188.47)</b>
Less :										
a) Provision for Taxation		-		-		-		-		-
b) Provision for Deferred Tax		-		-		-		-		-
<b>PROFIT AFTER TAX</b>	<b>0.68</b>	<b>(18.98)</b>	<b>86.08</b>	<b>78.42</b>	<b>(370.39)</b>	<b>(425.13)</b>	<b>99.60</b>	<b>177.22</b>	<b>(184.02)</b>	<b>(188.47)</b>
<b>CAPITAL EMPLOYED</b>										
Segment Assets	1,911.59	1,916.88	784.68	1,293.40	2,545.68	2,595.86	5,101.56	5,064.30	10,343.51	10,870.44
Segment Liabilities	-	-	3,498.18	3,256.26	1,932.48	1,874.72	4,017.01	4,006.72	9,447.66	9,137.69
<b>TOTAL CAPITAL EMPLOYED</b>	<b>1,911.59</b>	<b>1,916.88</b>	<b>(2713.50)</b>	<b>(1,962.86)</b>	<b>613.20</b>	<b>721.14</b>	<b>1084.56</b>	<b>1,057.59</b>	<b>895.85</b>	<b>1,732.75</b>

### 35. TRANSACTION WITH RELATED PARTIES

A) Name of the related party and description of relationship :

Related Party	Relationship
Khaitan Electricals Limited	Associates
The Oriental Mercantile Company Ltd.	Associates
Khaitan Lefin Limited	Associates
Mr. S. Bafna	Executive Director
Seth Chiranjilal Khaitan Trust	Associates



**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**
**B) Nature of Transactions**
**(Rs. in Lacs)**

Particulars	Key Management Personnel & Relatives (A)		Associates (B)		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Remuneration	<b>7.33</b>	36.22			<b>7.33</b>	36.22
Sitting Fees	<b>0.20</b>	0.15			<b>0.20</b>	0.15
Residential Accomodation	<b>2.88</b>	2.88	<b>1.80</b>	4.82	<b>4.68</b>	7.70
Royalty Received		-	<b>472.69</b>	540.16	<b>472.69</b>	540.16
Purchase		-	<b>0.07</b>	-	<b>0.07</b>	-
Interest Paid		-	<b>345.40</b>	376.60	<b>345.40</b>	376.60
Loan taken			<b>813.55</b>	994.51	<b>813.55</b>	994.51
Loan repaid			<b>575.33</b>	1,973.00	<b>575.33</b>	1,973.00

**C) Outstanding as on 31st March 2014**

Related Party	Nature of Due	2014 (Rs.in lacs)	2013 (Rs.in lacs)
Khaitan Electricals Limited	Sundry Creditors	<b>0.28</b>	0.21
Khaitan Electricals Limited	Loan Payable	<b>1289.72</b>	1217.79
The Oriental Mercantile Co. Ltd.	Loan Payable	<b>1202.88</b>	747.26
Khaitan Lefin Limited	Rent Payable	<b>2.58</b>	2.58
Khaitan Lefin Limited	Loan Payable	<b>99.89</b>	90.89

**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 benefit recognised in the Balance Sheet represent the present value of the obligation as adjusted for unrecognised 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:-

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

	Gratuity (Funded)		Leave Encashment (Funded)	
	2013-14	2012-13	2013-14	2012-13
1. Current Service Cost	<b>365473</b>	383,942	<b>33461</b>	17,322
2. Interest Cost	<b>764127</b>	687,561	<b>51525</b>	48,163
3. Expected Return on Plan Assets	<b>(259,671)</b>	(251,671)	<b>(67,156)</b>	(59,156)
4. Net actuarial (gain) / Loss recognised in the year	<b>(1,335,385)</b>	(924,043)	<b>(251,658)</b>	(35,861)
5. Expenses recognised during the year	<b>(465,456)</b>	(104,211)	<b>(233,828)</b>	(29,532)

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

1. Present Value of Defined Benefit Obligation at the Beginning of the year	<b>8,490,304</b>	8,594,515	<b>572,500</b>	602,032
2. Interest Cost	<b>764,127</b>	687,561	<b>51,525</b>	48,163
3. Current Service Cost	<b>365,473</b>	383,942	<b>33,461</b>	17,322
4. Benefits Paid				
5. Actuarial Gain (Losses)	<b>(1,595,056)</b>	(1,175,714)	<b>(318,814)</b>	(95,017)
6. Present Value of Obligation at the end of the year	<b>8,024,848</b>	8,490,304	<b>338,672</b>	572,500

**v. e) Change in Fair Value of Plan Assets during the year ended 31st March, 2014:**

1. Plan Assets at the Beginning of the year	<b>3245886</b>	3,145,886	<b>839,446</b>	739,446
2. Expected Return on Plan Assets	<b>259671</b>	251,671	<b>67,156</b>	59,156
3. Actual Company Contribution		100,000		100,000
4. Actual Benefits Paid				
5. Actuarial Gains.(Losses)	<b>(259,671)</b>	(251,671)	<b>(67,156)</b>	(59,156)
6. Plan Assets at the end of the year	<b>3,245,886</b>	3,245,886	<b>839,446</b>	839,446



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

### vi. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2014

1. Present Value of Defined Benefit Obligation	8,024,848	8,594,515	338,672	602,032
2. Fair Value on Plan Assets	3,245,886	3,245,886	839,446	839,446
3. Funded Status (Surplus/(deficit))	(4,778,962)	(5,244,418)	500,774	266,946
4. Net Asset/(Liability) recognised in Balance Sheet	(4,778,962)	(5,244,418)	500,774	266,946

### vii. Actuarial Assumptions

1. Discount Rate (per annum)	9.00%	8.00%	9.00%	8.00%
2. Salary Increases	5%	5%	5%	5%
3. Retirement / Super-Annuation Age	58	58	58	58

### viii. Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2014:

1. Administered by LIC of India	100%	100%	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.1.
37. The Company is not paying any premium to LIC for Gratuity Fund. Further the Company has paid gratuity directly to the employee who have retired during the year.
38. As per management five employees have filed legal case against the company for claiming their dues of gratuity with the Company. As per the decision of the Court, the company has paid the dues of three employees along with interest. However, no interest on the dues of the balance two employees have either been paid or provided for in the books..
39. Working Capital Term loan from IDBI and Bank of Baroda was secured by hypothecation of stock, book debts, standing crops, all Moveable Properties and Mortgage of 2067.21 acres of Company's Agriculture Land and second charge on Fixed Assets of Sugar Division and guarantee of its one director, overdrafts against pledge of Fixed Deposit Receipts Satisfaction of charge for this has not yet been done.
40. Sundry balances written back includes Rs.0.78 lakhs, being liability in our books on account of Term Loan payable but not payable as per bank and hence written back.
41. There is no impairment of assets during the year.
42. No Borrowing cost have been capitalised during the year.
43. Advances, Debtors and creditors balances are subject to confirmation.
44. Previous year figures have been regrouped/ rearranged/reclassified wherever necessary.

# khaitan (India) Limited

(CIN No. L10000WB1936PLC008775)

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

## PROXY FORM

Name of the Member(s) Registered Address:			Email id : Folio No./*Client ID: *DP id
--	--	--	--

I/We being the member(s) holding..... shares of Khaitan (India) Limited, hereby appoint:

- 1) Name..... Address.....  
e-mail id..... Signature.....or failing him
- 2) Name..... Address.....  
e-mail id..... Signature.....or failing him
- 3) Name..... Address.....  
e-mail id..... Signature.....or failing him

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 77th ANNUAL GENERAL MEETING of the Company, to be held on Monday at 29th September, 2014 at 11.30 a.m. at Bharatiya Bhasha Parishad, 36-A, Shakespeare Sarani, Kolkata-700017.

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions	Optional	
	For	Against
1. To receive, consider and adopt Audited Statement of Profit and Loss of the Company for the period 01.04.2013 to 31.03.2014 and the audited Balance Sheet as at 31.03.2014 together with Directors' Report and Auditors' Report		
2. To Re-appointment of Sri Sunil Krishna Khaitan, who retires by rotation		
3. To Re-appointment of Auditors and fix their remuneration		
4. To Re-appointment of Mr. S Bafna as whole time Executive Director who retires by rotation		
5. To appoint Mr Mahendra Kumar Jalan as Independent Director		
6. To appoint Mr. Arun Kumar Kedia as Independent Director		
7. To appoint Dr. V K Rungta as Independent Director		
8. To consider empowerment to Board of Director for borrowing money upto Rs.50 crore		
9. To consider authorizing Board of Directors to create mortgage charges co's properties Movable and immovable		

Signed this.....day of.....2014

Signature of the Shareholder

Affix  
Re.1/-  
Revenue  
Stamp

Signature of the First Proxy holder

Signature of the 2nd Proxy holder

Signature of the 3rd Proxy holder

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting
2. A proxy need not be a member of the Company
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder
4. \*\* This is only optional. Please put a "x" in the appropriate column against the resolutions indicated in the Box. If you leave the "For" or "Against" Column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner he/she thinks appropriate
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes
6. In the case of joint holders, the signature of any one of the holder will be sufficient, but names of all the joint holders should be stated.



**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE  
MEETING HALL. JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL SLIP  
AT THE VENUE OF THE MEETING**

<b>DP Id*</b>	
<b>Client Id*</b>	

<b>Folio No.</b>	
<b>No. of Shares</b>	

NAME OF THE ATTENDING MEMBER (In Block Letters)

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 77th ANNUAL GENERAL MEETING of the Company to be held at 11.30 a.m. on Monday, September 29, 2014 at Bharatiya Bhasha Parishad, 36-A, Shakespeare Sarani, Kolkata-700017.

\*Applicable for investors holding shares in electronic form

Signature of the Shareholder / proxy