

ANNUAL REPORT 2010-11



**khaitan** (India) Limited

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## **khaitan (India) Limited**

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

### **BOARD OF DIRECTORS**

S. K. KHAITAN, Chairman  
SUNIL K. KHAITAN, Vice-Chairman  
M. K. JALAN  
Dr. V. K. RUNGTA  
A. K. KEDIA  
S. BAFNA, Executive Director

### **COMPANY SECRETARY**

B. K. CHORARIA

### **AUDITORS**

CHATURVEDI & CO.  
Chartered Accountants

### **COST AUDITORS**

PRASAD & CO.

### **BANKERS**

INDUSTRIAL DEVELOPMENT BANK OF INDIA  
BANK OF BARODA

### **SUGAR & AGRICULTURE DIVISIONS**

#### **Office :**

7, Red Cross Place, Kolkata 700 001  
Phone : (033) 2210 3331, 4012 1000  
Fax : 91 33 2248 7516

#### **Sugar Mill :**

Khaitan Nagar 741 157  
Plassey (Nadia), West Bengal  
Phone : (03474) 262345/6/7, Fax : 03474-262348

#### **Agriculture Division :**

Ramnagar 742 163  
(Murshidabad), West Bengal  
Phone : (03482) 244244

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## NOTICE

### TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventy Third Annual General Meeting of Khaitan (India) Limited will be held on Thursday the 22nd September, 2011 at Merchant Chamber of Commerce, 15-B, Hemant Basu Sarani, Kolkata - 700001 at 11.30 a.m. to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. V. K. Rungta, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. A. K. Kedia who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

5. 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 Schedule XIII read with Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. S. K. Khaitan be and is hereby re-appointed as Wholed- time Director designated as Chairman and consent be and is hereby given to him to hold and continue to hold an office or place of profit in the Company for a period commencing from 1st April, 2011 to 31st March, 2014 on the terms and conditions as set out in explanatory statement annexed hereto.

6. To consider and if though fit, to pass, with or without modicication, the following Resolution as Ordinary Resolution :

**“RESOLVED THAT** pursuant to the provisions of Schedule XIII read with Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. S. Bafna be and is hereby re-appointed as Whole-time Director designated as Executive Director and consent be and is hereby given to him to hold and continue to hold an office or place of profit in the Company for a period commencing from 1st April, 2011 to 31st March, 2014 on the terms and conditions as set out in explanatory statement annexed hereto.

By Order of the Board

Registered Office :  
46-C, J.L. Nehru Road  
Kolkata-700071  
the 30th May, 2011

B.K. Choraria  
Company Secretary

**NOTICE** (Contd.)

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF/ ITSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. Members/ Proxies should fill in and sign the attendance slips and deposit at the entrance of Meeting Hall, before attending the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2011 to 22nd September, 2011 (both days inclusive).
4. Members, desiring any information about accounts or otherwise, are requested to write to the Company, at least 10 days in advance of the Annual General Meeting, to facilitate compilation thereof.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

**Item NO. 5**

The term of appointment of S. K. Khaitan, as Whole- time Director designated as Chairman expired on 31st March, 2011. After considering his managerial experience of 52 years, contribution to take the organisation to new heights by his dynamic leadership and in depth market acumen, has re- appointed him, subject to approval of Shareholders, as Whole- time Director designated as Chairman of the Company with effect from 1st April, 2011 for a period upto 31st March, 2014 on the following terms & conditions :-

**REMUNERATION :**

**a) Salary :**

Rs. 250000 per month in the scale of Rs. 250000-500000. 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.

**b) 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 a particular year, as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceiling stipulated in Sections 198 and 309 of the Act. The specific amount payable to all Wholetime Directors 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.

**c) Perquisites :**

In addition to the salary, as above, Mr. Khaitan will be entitled to the following perquisites within the overall limit stated above :-



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## **NOTICE (Contd.)**

### **CATEGORY-I**

- i. Free Furnished 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 his salary.
- iv. Reimbursement of actual medical expense for self and family.
- v. Leave Travel Assistance for self and family in accordance with the rules of the Company.
- vi. Subscription of the clubs of which Mr. S. K. Khaitan is a member.

### **CATEGORY-II**

- i. In Addition to the remuneration and perquisites stated above, Mr. S. K. Khaitan will be entitled to :
- 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 may be 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 in Company's business, alternatively car/conveyance expenses incurred on Company's business will be reimbursed at actuals.
- ii. Free telephone facility at residence.
- iii. Group Personal Accident Insurance, premium of which not to exceed Rs. 5000/- p. a.

In the event of loss and inadequacy of profit, he will be entitled to the above remuneration as minimum remuneration.

He will not be liable to retire by rotation being a Whole-time Director.

Mr. S. K. Khaitan is interested in the above resolution to the extent of remuneration and perquisites payable to him. Mr. Sunil K. Khaitan is related to Mr. S. K. Khaitan and, therefore, interested to the extent of remuneration payable to him. No other Director is interested or concerned in the aforesaid resolution.

### **Item No 6**

The term of appointment of Mr. S. Bafna as Whole-time Director expires on 31st March, 2011. He stated that the Remuneration Committee after considering Mr. Bafna's vast managerial experience of 38 years and association with Khaitan Group for 32 years has recommended his appointment for further 3 years i. e. from 1st April, 2011 to 31st March, 2014 on the following terms and conditions. He also stated that Mr. Bafna's appointment will be beneficial for the Company.

**Salary :** Rs. 40000/- per month in the scale of Rs. 40000-80000/-. 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.

**NOTICE (Contd.)****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 a 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.

**Perquisites**

In addition to salary and commission, he will be entitled to the following perquisites, which shall be restricted to an amount equal to his annual salary.

**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.



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**NOTICE (Contd.)**

**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 actuals.
- 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. 5000/- 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 interest to the extent of remuneration payable to him.

No other Director is interested or concerned in the aforesaid resolution.



**DIRECTORS' REPORT****INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT****TO THE MEMBERS****KHAITAN (INDIA) LIMITED**

Your Directors have pleasure in presenting their Seventy Fourth Annual Report together with the Audited Accounts for the year ended 31st March, 2011.

**FINANCIAL RESULTS**

	<b>2010-11 Rs./Lacs</b>	<b>2009-10 Rs./Lacs</b>
Sales & Operating Income were	<b>2339.93</b>	1771.30
Profit for the year was	<b>(413.70)</b>	(158.75)
From which is deducted		
- Depreciation	<b>(140.68)</b>	(158.86)
Leaving a Balance of	<b>( 554.38 )</b>	(317.61)
<b>TO WHICH IS ADDED :</b>		
- Income Tax for Earlier Years	-----	0.67
- Prior Period Expenses	<b>(27.03)</b>	(31.97)
- Profit Brought Forward from Previous Years	<b>305.95</b>	654.86
Making an available surplus of which is Carried Forward to Next Year	<b>(275.46)</b>	305.95

**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. 578.64 lacs compared to the last year's Rs. 470.12 lacs.

**Sugar Division :** Although production of Sugar was higher to 48002 qlts compared to last year's 18383 qlts but price of sugar was continuously declined and had dropped by around Rs 200/- per qt. The Sugar prices were moving to levels that unviable. It had put the liquidity of the Company under great stress. Higher cost of raw material, increase in price index etc. had resulted in loss during the year under review.



## DIRECTORS' REPORT

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

The crushing operations for the season 2010-11 started on 1st December, 2010 which was continued for 93 days compared to the last year's 47 days. Performance of the Sugar Division compared to last year is as under :

DETAILS	2010-2011	2009-2010
Start of Crushing Season	01.12.2010	18.11.2009
Close of Crushing Season	03.03.2011	04.01.2010
Cane Crushed (in lacs Qtls)	6.95	2.94
Recovery (%)	7.18	7.04
Sugar Production (in Qtls)	48,002	18,383

### AGRICULTURE DIVISION:

Sugarcane is a agro product and is fully dependent on nature. The supply of sugarcane from captive farms to the factory was more by 27.36% compared to last year.

During the year, about 24000 trees were planted. About 325551 trees out of those planted in last 20 years were standing as on 31.3.2011. Necessary care is taken to nurture the same to fetch long term benefit.

### INDUSTRIAL STRUCTURE

**Sugar Division:** The Sugar output during the year was estimated at 25 million tons compared to last year's production of 19 million tones against a estimated consumption of 22 million tons. The industry was expecting decontrol but meaningless controls have converted this years' opportunities into threats and create hurdles for all sugar mills. Sugar is a highly politicized. When sugar prices started moving up the Central Government had taken measures to curb the sugar prices, declared higher quota for retail free in the market and extended the stock holding limit for traders. These measures started sugar price moving downwards to such a level that became unviable for the Sugar Mills. Sugar being the cyclical industry, the production of sugar in 2011-12 will be higher due to better sugarcane crop.

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

**Human Resources :** The Company believes that its employees are a vital resource in the current business environment. The Company is enjoying good and congenial industrial relations at all the Divisions of the Company. As on 31st March, 2011, the total permanent employees were 97 Nos.

### CURRENT OUTLOOK

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