



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

SUNIL K. KHAITAN, 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

A. B. & CO.

BANKERS

INDUSTRIAL DEVELOPMENT BANK OF INDIA

BANK OF BARODA

SUGAR & AGRICULTURE DIVISIONS

Office :

7, Red Cross Place, Kolkata 700 001

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

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 Sixth Annual General Meeting of Khaitan (India) Limited will be held on Wednesday, the 25th September, 2013 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, 2013 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 A. K. Kedia who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF/ITSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAT 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. Members/Proxies should fill in and sign the attendance slips and deposit at the entrance of Meeting Hall, before attending the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2013 to 25th September, 2013 (both days inclusive).
4. Members desiring any information about accounts or otherwise, are requested to write to the company, at least 10 days in advance of the Annual General Meeting, to facilitate compilation thereof.

Registered Office :
46-C, J.L. Nehru Road
Kolkata-700071
the 7th June, 2013

By Order of the Board

B.K. Choraria
Company Secretary

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

Your Directors have pleasure in presenting their Seventy Sixth Annual Report together with the Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

Sales & Operating Income were
Profit/Loss for the year was

From which is deducted
Depreciation

Leaving a Balance of

TO WHICH IS ADDED :

Profit/Loss Brought Forward from Previous Years

Making an available surplus of which is carried
forward to next year

	Rs./Lacs	
	2012-13	2011-12
	2544.10	2595.42
	(41.47)	(64.85)
	(147.00)	(138.65)
	(188.47)	(203.50)
	(478.96)	(275.46)
	(667.43)	(478.96)

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.540.16 lacs compared to the last year's Rs.519.53 lacs.

Sugar Division : Although the crushing of sugarcane was lower to 5.38 lacs quintals compared to last year's 5.63 lacs quintals, the production of sugar was almost at par at a higher recovery of 8.33% compared to last year's 8.10%. 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 2012-13 started on 26th November, 2012 which was continued for 63 days compared to the last year's 68 days. Performance of the Sugar Division compared to last year is as under :

DETAILS	2012-2013	2011-2012
Start of Crushing Season	26.11.2012	08.12.2011
Close of Crushing Season	28.01.2013	14.02.2012
Cane Crushed (in lacs Qtls)	5.35	5.63
Recovery (%)	8.3	8.10
Sugar Production (in Qtls)	42,518	42,802

AGRICULTURE DIVISION:

Sugarcane is a agro product and is fully dependent on nature. As reported last year, supply 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 25,000 trees were planted and about 315000 trees are standing as on 31.03.2013 planted by the Company in last 22 years.



DIRECTORS' REPORT

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

INDUSTRIAL STRUCTURE

The year 2012-13 was also not good for the sugar industry. Due to overall increase in cost of raw material and other inputs, the cost of production was much higher than the prevailing market prices of sugar. Even inspite of repeated news of decontrol of sugar, the financial year 2012-13 has sustained the burnt of Government's continued controls through release mechanism of sugar sale and levy sugar. The aforesaid constraints has badly effected the financial health of the industry. During the year under review, due to draught situation the production of sugar was 24.5 million tons compared to last year 26 million tons. Due to low international price, export during 2012-13 was only 60000 tons in comparison to last years 34 lac tons. At last, the Government had allowed partial decontrol of sugar sector. It has rescinded the control over sugar sale of the industry and 10% levy obligation but with this partial decontrol it has failed to improve the financial health of the sugar industry and to provide relief. The sugar industry is facing much financial crunch due to high cost of sugar production on account of high sugarcane prices and low sugar prices in the market. The Government should unshackle sugar industry completely and remove the remaining controls enjoyed on sugar.

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, 2013 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 : Due to intermittent rains, the sugarcane crop condition seems to be better and it is hoped that availability of sugarcane will be better in the year 2013-14. The Government has released partial control over sugar industry, it is hoped that the market prices will support on margins despite higher input cost.

Agriculture Division : Sugarcane is the only raw material for sugar industry. By this time there are adequate rains, yield during the sugar season 2013-14 will be better resulting in better supply of sugarcane to factory. However, weather conditions can't be predicted. A significant change in climatic conditions can affect yield, recovery and profitability.

Risks & Concerns : Being cyclical in nature, sugar price remains volatile and realisations 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 principal 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 affect yield and recovery.

Fixed Deposits: Fixed Deposits from the public and employees accepted by the Company stood nil as on 31st March, 2013.

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 and other payments were delayed.

DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

Directors' Responsibility Statement :

The Board of Directors of your Company confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed excepts AS-22;
2. That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the annual accounts on a going concern basis.

Corporate Governance Report : A separate report on Corporate Governance is incorporated as a part of the Annual Report and the Auditors' Certificate on compliance under Clause 49 of the Listing Agreement is annexed to the said report.

Directors:

1. Mr. S. K. Khaitan the Chairman of the company left for heavenly abode on Sunday the 04th November, 2012. Due to his dynamism and foresightedness, the "Khaitan" brand became the world renowned and a household name. His enterprenural acumen has set a path to take the organization to new height. His style of functioning will always be a inspiration for future.
2. Mr. Sunil K Khaitan was elected to be the Chairman of the Company.
3. Dr. V. K. Rungta and Mr. A. K. Kedia retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Cost Auditors : In compliance to the Central Government Order your Board has appointed M/s A B & Co. qualified Cost Accountants to carry out Cost Audit of the Cost Accounts maintained by the Company in respect of Sugar Division. This appointment has to be made at the beginning of each financial year. As such an application has already been forwarded to the Central Government to approve the appointment for the current financial year.

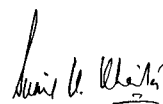
Auditors : M/s Chaturvedi & Co. Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

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

Other Information : The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the Annexure to the Report.

Acknowledgement: Your Directors place on record their appreciation for the continued co-operation and support extended by the Government of West Bengal, IDBI, Bank of Baroda, Cane Growers, Suppliers, Dealers, Depositors and the Shareholders.

For and on behalf of the Board



Sunil K. Khaitan
Chairman

Kolkata
the 7th June, 2013



ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

I. Power and Fuel Consumption

1. Electricity

- a) Purchase Units (in lacs)
Total Amount (Rs. in lacs)
Rate per unit (Rs.)
- b) Own Generation
 - i) Through Diesel Generator
Units (in lacs)
Units per litre of Diesel oil
Cost/Unit (Rs.)
 - ii) Through Steam Turbine/Generator
Units (in lacs)
Units Per Litre of Fuel } Bagasse, being
Cost per Unit } by-product, is used
as fuel and hence
no separate cost to
the factory

2. Coal

3. Furnace Oil

4. Others/Internal Generation

- Quantity of Fire Wood (Metric Tonnes)
- Total Value (Rs. in lacs)
- Rate per Unit (Rs.)

II. Consumption per Unit of Production

- Product - Sugar (Qtls).
- Electricity (Units/Qtls. of Sugar)
- Furnace Oil
- Coal
- Others

	2012-13	2011-12
	5.02	5.06
	45.91	38.66
	9.14	7.64
	0.30	0.26
	3.79	4.00
	13.59	11.03
	28.79	37.50
	9	30
	0.22	0.58
	0.008	1.15
	44588	45202
	46.48	94.75
	N.A.	N.A.
	N.A.	N.A.
	N.A.	N.A.

B. TECHNICAL ABSORPTION

I. Research & Development (R&D) :

- a) Specific areas where R & D carried out by the Company:
Development of better varieties of sugarcane and higher productivity per unit of land and in the Plant side for improving quality of sugar.
- b) Benefits derived as a result of the above R & D
Improvement in cane yield and in quantity of sugar.
- c) Future Plan of Action:
Development of cane in Company's Reserved Area and Captive Farms
- d) Expenditure on R & D : NIL

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**Philosophy on Corporate Governance**

Corporate Governance is required to create a culture of transparency, disclosures, compliance ethic and conduct, accountability and fairness in its operations for maximizing long-term values of shareholder and enables the company to fulfill its obligation to customers, employees, financiers and to the society in general. The detailed report on Corporate Governance is as per Clause 49 of Listing Agreement is as under:-

Board of Directors

The Board of Directors comprised 5 (five) Members at the end of the financial year headed by Chairman of whom 1 (one) is Wholetime Director. Of these, 3 were non Executive Directors. There were three Independent Directors who construed 60 percent of the strength which complies the requirement of Listing Agreement. The Board of Directors met 4 times during the financial year 2012-13, 4 (four) Board Meetings were held on 07.06.2012; 14.08.2012; 12.11.2012 and 14.02.2013.

None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 across all the companies in which he is a Director. Necessary disclosure to this effect has been made by the Directors.

The composition of Directors, the attendance at Board Meetings during the year and the last Annual General Meeting, number of other directorships and committee memberships are given below :-

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

Category details : E&WTD - Executive & Wholetime Directors; 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. A. K. Kedia aged about 59 years is an Industrialist having vast experience of business and management. He is a Director of the Company since 1995. His other Directorships are as under :-



REPORT ON CORPORATE GOVERNANCE (Cont.)

Classic Marketing Agency Pvt. Ltd., Jai Shankar Properties Pvt. Ltd. Ashirvad Properties Pvt. Ltd., Jaypee Trading Co. Pvt. Ltd., East West International (Exim) Pvt. Ltd., Ashiyana Vinimay Pvt. Ltd., Trincas Management Pvt. Ltd., Abloom Pvt. Ltd., East West Mining Pvt. Ltd., East West International, Ektaa Advisory Sumit Pvt. Ltd.

Dr. V. K. Rungta, aged about 67 years is a Company Secretary having vast experience of business and management. He is a Director of the Company since 1987. His other Directorships are as under:-

BMG Itech Pvt. Ltd, AGL Investors Pvt. Ltd., Wonder Décor Pvt. Ltd., Triton Distributors Pvt. Ltd., Eskay Properties Development Pvt. Ltd., Jhajhar Investment & Trading Pvt. Ltd., Khaitan Electricals Ltd., Ramnugger Cane & Sugar Co. Ltd.

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

(Rs. in Lacs)

NAME	SALARY& PERQUISITES	MEETING FEES	TOTAL
Late S.K. Khaitan	23.33	---	23.33
Mr. Sunil K Khaitan	---	0.15	0.15
Mr. M. K. Jalan	---	0.10	0.10
Dr. V. K. Rungta	---	0.60	0.60
Mr. A..K. Kedia	---	0.40	0.40
Mr. S. Bafna	6.40	----	6.40

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, 2013, 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, 2013.

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.

4 (four) Audit Committee Meetings were held on 07-06-2012; 14-08-2012; 12-11-2012 & 14-02-2013 during the period under review :

Members	Meetings Attended
Dr. V K Rungta	4
Mr. A.K. Kedia	4
Mr. M. K. Jalan	1