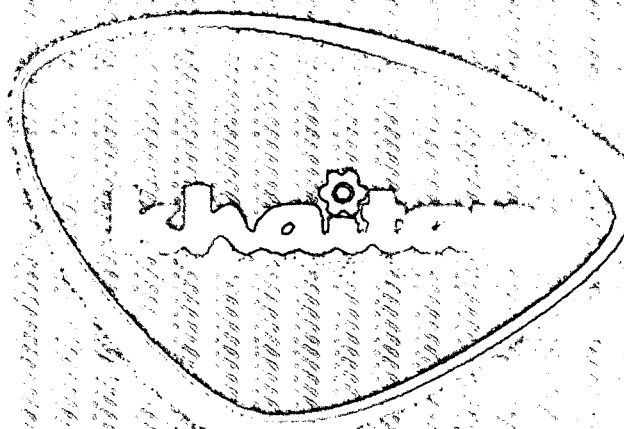


70th Annual Report & Accounts 2006-07



khaitan (India) Limited **Company Secretary**

CONTENTS	Page No.
Notice	2
Directors' Report	4
Declaration regarding Compliance	9
Report on Corporate Governance	10
Auditors' Report	16
Balance Sheet	21
Profit & Loss Account	22
Cash Flow Statement	23
Schedules:	
To the Balance Sheet	24
To Profit & Loss Account	29
Notes on Accounts	31



khaitan (India) Limited

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

BOARD OF DIRECTORS

S. K. KHAITAN, Chairman
SUNIL K. KHAITAN, Vice-Chairman
R. S. GOENKA
S. K. TODI
M. K. JALAN
Dr. V. K. RUNGTA
A. K. KEDIA
S. BAFNA, Executive Director
P. P. TIBREWAL, Finance Director

COMPANY SECRETARY

D. 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, 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) 242233



NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventieth Annual General Meeting of Khaitan (India) Limited will be held on Friday the 21st September, 2007 at Merchant Chamber of Commerce at 15B, Hemant Basu Sarani, Kolkata 700 001 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, 2007 and the Profit & Loss Account for the year ended on that date together with the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sunil K. Khaitan, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. R. S. Goenka, 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 Resolutions as Special Resolutions :

" RESOLVED THAT the Equity Shares of the Company be de-listed from the Calcutta Stock Exchange Association Limited in accordance with the relevant laws, rules, regulation and guidelines (including any statutory modification(s) or re-enactment(s) thereof for the time being in force and as may be enacted hereinafter and subject to such approvals, permissions and sanctions as may be necessary for this purpose."

" RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include any committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorised to seek voluntary de-listing to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in regards to de-listing of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient as may be deemed fit for this purpose, to delegate the authority and the duty vested in it by virtue hereof to any Directors/ officers/ executives of the Company to do the various acts, deeds and things required to be done in this respect".

Registered Office :
46-C, J. L. Nehru Road
Kolkata 700 071
the 28th June, 2007

By Order of the Board

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 14th September, 2007 to 21st September, 2007 (both days inclusive).
 4. Members, desiring any information about accounts or otherwise, are requested to write to the Company, atleast 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 Equity Shares of the Company are presently listed on two Stock Exchanges e.g. The Calcutta Stock Exchange Association Limited and National Stock Exchange of India Limited. The Investors have access to online dealings in the Company's Shares throughout the country with the extensive net working of the National Stock Exchange, Mumbai and there is negligible trading on Calcutta Stock Exchange.

The Shareholders of the Company do not get any benefit by continuing the listing of the Equity Shares at Calcutta Stock Exchange, and the Company has been paying unnecessary listing fees and involving its time in compliances and reporting as per the clauses of the Listing Agreement.

The Security and Exchange Board of India (De-listing of Securities) Guidelines, 2003 allows Companies to voluntarily de-list their shares provided the same are continued to be listed on one or more Stock Exchanges having nation wide terminals. The Directors have thus, proposed to de-list the Equity Shares of the Company from the Calcutta Stock Exchange and hence this Special Resolution has been proposed.

None of the Directors, is in any way, concerned or interested in the above resolution.



DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT

TO THE MEMBERS

KHAI TAN (INDIA) LIMITED

Your Directors have pleasure in presenting their Seventieth Annual Report together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

	2006-07 Rs./Lacs	2005-06 Rs./Lacs
Sales & Operating Income were	5,059.40	6,366.54
Profit for the year was	321.65	167.19
From which is deducted		
- Depreciation	(89.05)	(79.99)
- Provision for Tax	(22.50)	(16.50)
Leaving a Balance of	210.10	70.70
To which is added :		
- Deferred Tax	33.39	40.48
- Income Tax for earlier year	(0.67)	8.62
- Prior Period Expenses	(106.46)	(0.29)
- Profit Brought Forward from previous year	571.65	452.14
Making an available surplus of	708.01	571.65
Which is appropriated as under :		
- Balance Carried Forward to next year	708.01	571.65
	708.01	571.65

DIVIDEND

In view of fund requirement for expansion and modernization of sugar mill, your 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 turnover during the year was Rs. 38.60 crores as compared to Rs. 45.40 crores of last year. During the year the Company has discontinued its direct marketing operations in two States. As a result the turnover has declined but corresponding reduction in overheads and enhanced income from Royalty has enabled satisfactory performance of this Division.

Sugar Division : The Crushing Operations for the season 2006-07 started on 3rd December, 2006 which was continued for 107 days compared to the last year's 73 days. Performance of the Sugar Division compared to last year is as under :

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

DETAILS	2006-07	2005-06
Start of Crushing Season	03.12.2006	03.12.2005
Close of Crushing Season	19.03.2007	13.02.2006
Cane Crushed (in lacs Qtls.)	9.57	5.91
Recovery (%)	8.32	8.45
Sugar Production (in Qtls.)	76,601	48,528

Agriculture Division : The agricultural products are dependent upon the nature. During the year under review, the weather conditions were unfavourable. Initially there was no rains till May which has harmed the standing crop. Then there was heavy rains which has caused flood in the area and damaged the standing crop extensively and reduced the yield and recovery. The supply of sugarcane from captive farms to factory was lower by 26% compared to last year.

During the year, 20,000 trees were planted, about 2,99,705 trees out of those planted in last 16 years were standing as on 31.03.2007. Proper care is being taken to provide long term benefit to the Company.

INDUSTRIAL STRUCTURE

Sugar Division : The year 2006-07 was very bad year for the Sugar Industry. Total production of sugar of the Country reached to all time high of more than 27 million tons, a sharp growth of 50% over the previous sugar season whereas the consumption is only 19.5 million tons i.e. only about 3% higher than the previous season. The sugar prices in the market nose dived to an average of Rs. 1,350/- per quintal including excise duty of Rs. 87.55 per quintal in comparison to last year's average price of Rs. 1,850/- per quintal.

It is estimated that production of sugar during the sugar season 2007-08 will even cross this year production to an estimated over 30 million tons whereas consumption is likely to increase to 20 million tons only. This indicates that the season 2007-08 will also be a critical one for Sugar Industry. With further higher production, there will be no possibility of price improvement of sugar from the present level.

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, 2007 the total permanent employees were 165 Nos.

Auditors Qualifications: As the Sugar Division is incurring losses and making initial payment of premium of Group Gratuity cum Life Assurance Scheme and Leave Encashment Policy are



DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

not feasible and hence your Company is continuing with the system of making payment of Gratuity at the time of retirement of employees.

The request made to the Central Government for One Time Settlement of Sugar Development Fund dues has not been accepted and hence provision for interest has been made during the year.

CURRENT OUTLOOK

Marketing Division : During last two years, the Company launched several new products under its brand name "Khaitan" which have been well accepted in the market. There will be regular enhancement in royalty income for the Company and the overall performance of the marketing Division should improve in the current year.

Sugar Division : Your Directors put vigorous efforts and explore the potentials by giving interest free loan in form of seeds and fertilizers to the growers to grow more sugarcane. The sugarcane crop has increased considerably in the area. Your Directors are confident that adequate quantity of sugarcane will be available to the mill. As reported earlier, expansion work of the mill is in full swing. To cope with the additional supply of sugarcane, Production Deptt. has also been equipped with new equipments for production of better quality of sugar.

Agriculture Division : The only raw material for Sugar Mill is sugarcane but the crop is totally dependant on nature and weather conditions, which is unpredictable.

Risks & Concerns : Higher production will result in increased Sugar Inventory in the country which will create heavy pressure on Sugar Mill margins, specially factories having small crushing capacities.

Agriculture Division is completely exposed to nature. Heavy or poor rains have adverse impact on the standing Sugarcane crop.

Fixed Deposits : Fixed Deposits from the public and employees accepted by the Company stood at Rs. 44.95 lacs as on 31st March, 2007.

Auditors' Report : The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further explanation.

Directors' Responsibility Statement :

The Board of Directors of your Company confirm :

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed, except AS-15.
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.

DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

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

Directors : Mr. Sunil K. Khaitan and Mr. R. S. Goenka 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. Prasad & Co., qualified Cost Accountants to carry out Cost Audit of the Cost Accounts maintained by the Company in respect of Sugar Division. This appointment has to be made at the beginning of each financial year. As such, an application has already been forwarded to the Central Government to renew the appointment for the current financial year.

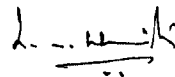
Auditors : M/s. Chaturvedi & Co., Chartered Accountants and Branch Auditors retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Personnel : During the year, there was no employee, whose remuneration exceeded the limit specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended upto date.

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.

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

For and on behalf of the Board



S. K. KHAITAN
Chairman

Kolkata
the 28th June, 2007



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) Purchased 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 Tons)

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

	2006-07	2005-06
	8.85	6.90
	44.53	40.60
	5.03	5.88
	7.78	5.46
	3.24	4.01
	10.48	8.24
	2.72	1.61
	N.A.	N.A.
	N.A.	N.A.
	2,199	4,886
	22.48	50.07
	8.26	31.10
	79,700	50,265
	24.28	27.80
	N.A.	N.A.
	N.A.	N.A.
	N.A.	N.A.

B. TECHNICAL ABSORPTION

I. Research & Development (R & D) :

a) Specific areas which R & D carried out by the Company :

Development of better varieties of sugarcane and higher productivity per unit of land and in the Plant side for improving quality of sugar as also of fans.

b) Benefits derived as a result of the above R & D :

Improvement in cane yield and in quantity of sugar and fans.

c) Future Plan of Action :

Development of cane in Company's Reserved Area and Captive Farms.

d) Expenditure on R & D : Rs. 2,41,250/-

II. Technology Absorption, Adaptation and Innovation :

The Company is trying to adopt the latest technology for improving productivity/quality and reducing the consumption of raw materials and energy. No technology has been imported.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Expenditure in Foreign Currency

: Rs. 10.87 lacs

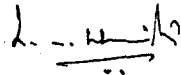
**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND
SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF
CONDUCT**

This is to inform that the Company has adopted a Code of Conduct for its directors, officers and employees.

I confirm that the Company has in respect of the financial year ended 31st March, 2007, 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, 2007.

For and on behalf of the Board



S. K. KHAITAN
Chairman

Kolkata
the 28th June, 2007



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

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

Board of Directors

The policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of Board of Directors. The Board of Directors of the Company consists of 9 (Nine) Directors of whom 3 (Three) are Whole-time Directors. During the financial year 2006-07, Board Meetings were held on 21.04.06; 26.06.06; 28.07.06; 30.10.06 and 30.01.07.

The Company has an Executive Chairman and the number of independent Directors at 77.77% is more than 50% of the Board. The number of non-executive Directors (NEDS) is at 66.67% is more than 50% of the total number of Directors. The composition of the Board is in conformity with clause 49 of the listing Agreement entered into with the Stock Exchanges.

None of the Directors is a member of more than 10 Committees or Chairman 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, at the last Annual General Meeting and No. of other Directorships are given below :

Name of Directors	Category	Attendance at Board Meetings	Attendance at Last AGM	Membership in Other Boards
Mr. S. K. Khaitan	E&WTD	5	No	7
Mr. Sunil K. Khaitan	VC&NED	5	Yes	3
Mr. R. S. Goenka	ID&NED	5	Yes	13
Mr. S. K. Todi	ID&NED	3	No	14
Mr. M. K. Jalan	ID&NED	2	No	13
Mr. A. K. Kedia	ID&NED	1	No	5
Dr. V. K. Rungta	ID&NED	4	Yes	3
Mr. S. Bafna	WTD	5	Yes	1
Mr. P. P. Tibrewal	WTD	5	Yes	2

Category details : E&WTD – Executive & Whole-time Director ; VC& NED – Vice Chairman & Non Executive Director ; ID & NED – Independent & Non Executive Director and WTD – Whole-time Director.

REPORT ON CORPORATE GOVERNANCE (Contd.)**Committee Position held by Directors :**

Name of Directors	Chairman	Member	Total
Mr. R. S. Goenka	Audit Committee	Remuneration Committee	2
Mr. S. K. Todi	Remuneration Committee	Audit Committee	2
Dr. V. K. Rungta	Shareholders Grievance Committee	Audit Committee and Remuneration Committee	3
Mr. S. Bafna		Shareholders' Grievance Committee	1
Mr. P. P. Tibrewal		Shareholders' Grievance Committee	1

Audit Committee

The Committee discharge such duties and functions generally described in Clause 49 of the Listing Agreement with the Stock Exchanges and such functions as specifically delegated to the Committee from time to time by the Board.

4 (Four) Audit Committee Meetings were held on 26-06-06; 28-07-06; 30-10-06 and 30-01-07 during the period under review.

Members	Meetings Attended
Mr. R. S. Goenka	4
Mr. S. K. Todi	3
Dr. V. K. Rungta	3

Share Transfer Committee

The Share Transfer Committee comprises of Mr. S. K. Khaitan, Mr. Sunil K. Khaitan, Dr. V. K. Rungta, Mr. S. Bafna and Mr. P. P. Tibrewal.

The Committee met 11 (eleven) times during the period under review.

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

Shareholders Grievance Committee

4 (Four) Meeting of Shareholders Grievance Committee were held on 17-4-06; 14-07-06; 16-10-06 and 16-01-07.

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

Remuneration Committee

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Chairman/Whole-time Directors. During the year, the Committee met on 26.06.06.



REPORT ON CORPORATE GOVERNANCE (Contd.)

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

(Amount in Rs.)

Name of Directors	Salary & Perquisites	Meeting Fees	Total
Mr. S. K. Khaitan	20,81,660	—	20,81,660
Mr. Sunil K. Khaitan	—	10,000	10,000
Mr. R. S. Goenka	—	20,000	20,000
Mr. S. K. Todi	—	14,000	14,000
Dr. M. K. Jalan	—	4,000	4,000
Dr. V. K. Rungta	—	24,000	24,000
Mr. A. K. Kedia	—	2,000	2,000
Mr. S. Bafna	7,07,031	—	7,07,031
Mr. P. P. Tibrewal	7,18,946	—	7,18,946

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

YEAR	LOCATION	DATE	TIME
2005-06	Khaitan (India) Limited	04.09.2006	11.30 a.m.
2004-05	46 C, J. L. Nehru Road	03.09.2005	11.30 a.m.
2003-04	Kolkata 700 071	04.11.2004	11.00 a.m.

- Special Resolutions were passed by show of hands.
- As per Clause 49 VI(A) of Listing Agreement, resume and other information of the Directors retiring by rotation is as under :

Mr. Sunil K. Khaitan, aged about 47 years, is an Industrialist having vast experience of business and management. He is Director and Vice Chairman of the Company since 17 years. He is Director in Khaitan Electricals Ltd., Khaitan Lefin Ltd., and Khaitan Hotels Pvt. Ltd.

Mr. R. S. Goenka, aged about 60 years is an Industrialist and having vast and rich experience in business and management. He is Director of the Company since 16 years. He is the Director of Emami Paper Mills Ltd., Emami Limited, Suntract Commerce Private Limited, Emami Group of Companies Private Ltd., South City Project (Kolkata) Limited, South City Parivar Pvt. Ltd., Saurashtra Clinic & Research Institute for Advance Medicine Pvt. Ltd., Advance Medicine & Research Institute Ltd., Pro-Sports Management Limited, Bhanu Vyapaar Private Limited, Suraj Viniyog Private Limited, Merchant Chamber of Commerce and Emami Realty Pvt. Ltd.

Disclosures

- There are no transactions of the Company of material nature with Promoters, Directors, Management, Subsidiaries or Relatives etc. which would have potential complaints with the interest of the Company at large.
- No strictures have been imposed by any regulatory authority as there is no instance of non-compliance of any laws by the Company.

Means of Communications : Quarterly/Annual Financial results are normally published in the Financial Express and Arthik Lipi. The Management Discussion and Analysis Report (MD & AR) is part of this Report.

REPORT ON CORPORATE GOVERNANCE (Contd.)**General Shareholders Information****a) Date, Time and Venue of Next Annual General Meeting :**

Friday, the 21st September, 2007 at 11.30 a.m.

Merchant Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata 700 001

b) Date of Book Closing : 14th September to 21st September, 2007 (both days inclusive)**c) Information regarding Stock Exchanges where the Shares of the Company are listed :**

The Calcutta Stock Exchange Association Limited

7, Lyons Range, Kolkata 700 001 (Stock Code : 10021024)

The National Stock Exchange of India Limited

Exchange Plaza, Bandra-Kurla Complex

Bandra (East), Mumbai 400 051 (Stock Code : KHAITAN LTD EQ)

Listing Fees have been paid for the year 2006-07 to each Exchange.

ISIN No. for the Company's Ordinary Shares in Demat Form is INE 73I CO1018.

Registrar and Share Transfer Agent (For physical as well as for D'mat Segment)

M/s. Maheshwari Datamatics (P) Ltd.,

6, Mangoe Lane, Kolkata 700 001

Share Transfer System

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

Market Price

(2006-07)

NSC	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.
HIGH	22.40	33.35	26.90	26.90	33.65	33.70	34.90	76.80	93.80	92.00	86.45	60.00
LOW	13.90	19.65	16.45	20.87	19.40	26.10	28.20	31.00	68.45	81.00	56.80	47.30

Distribution of Shareholding as on 31st March, 2007**(a) According to Category of Holding :**

Category	Shareholders		Shares	
	Nos.	%	Nos.	%
Promoters	29	1.22	24,48,159	51.54
Banks, Financial Institutions	11	0.46	5,444	0.11
Private Corporate Bodies	120	5.04	13,52,867	28.48
Indian Public	2,213	93.03	9,40,014	19.79
NRI	6	0.25	3,516	0.08
Total	2,379	100.00	47,50,000	100.00



REPORT ON CORPORATE GOVERNANCE (Contd.)

(b) According to number of Ordinary Shares held :

Pattern	Shareholders		Shares	
	Nos.	%	Nos.	%
Up to 5000	2,093	87.98	4,73,678	9.97
5001 – 10,000	147	6.18	1,25,066	2.63
10,001 – 20,000	46	1.93	70,510	1.49
20,001 – 30,000	19	0.80	47,850	1.01
30,001 – 40,000	15	0.63	51,845	1.09
40,001 – 50,000	3	0.12	13,548	0.29
50,001 – 1,00,000	24	1.01	1,75,177	3.69
1,00,001 – above	32	1.35	37,92,326	79.83
Total	2,379	100.00	47,50,000	100.00

84.99% of the Shares of the Company are in electronic form. Transfer of these shares 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, Kolkatta 700 001.**

Dematerialisation of Shares and Liquidity

The Shares of the Company are compulsorily traded in dematerialised form and are available for trading under both Depository Systems, National Securities Depository Ltd. & Central Depository Services (India) Ltd. as on 31.03.2007, a total of 40,37,013 Equity Shares of the Company which form 84.99% of the share capital stands dematerialised under the depository system.

Plant Location

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

For and on behalf of the Board

Kolkata
the 28th June, 2007

S. 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) Limited**

We have reviewed the compliance of conditions of Corporate Governance by Khaitan (India) Limited for the year ended 31st March, 2007, 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 material respect by the Company.

For CHATURVEDI & CO.
Chartered Accountants

60, Bentinck Street
Kolkata 700 069

NILIMA JOSHI
Partner

(Membership No.52122)

the 28th June, 2007



AUDITORS' REPORT

TO THE MEMBERS OF KHAITAN (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Khaitan (India) Limited as at 31st March, 2007, and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. The branch audit reports on the accounts of the Branches of the Company audited under Section 228(3)(c) have been forwarded to us and the same have been dealt with in preparing our audit report. In our opinion, proper returns adequate for the purpose of our audit have been received from branch not visited by us.
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the said Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 *except that accruing gratuity/leave encashment is treated on cash basis in Sugar & Agriculture Divisions which is not in accordance with AS-15 issued by ICAI.*

AUDITORS' REPORT (Contd.)

- v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to clause 11 of annexure to Para 3 above, Note 1(f) regarding valuation of planted trees, Note - 4 regarding unprovided gratuity and leave encashment liability of Rs. 76.03 lacs and Rs. 2.23 lacs, resulting in over statement of profit and understatement of liabilities to such extent of the notes to Accounts in Schedule N* and read together with other Notes give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007.
- b) in the case of the Profit & Loss Account, of the profit for the year ended on that date, and
- c) in the case of Cash Flow Statement of the cash flow for the year ended on that date.
- vi. *Subject to above* in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- vii. On the basis of written representations received from the Directors, as on 31st March, 2007 and taken on records by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2007 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

NILIMA JOSHI
Partner

(Membership No.52122)

60, Bentinck Street
Kolkata 700 069

the 28th June, 2007



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KHAITAN (INDIA) LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007

1.
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - ii) On the basis of information and explanations given to us, we find that Fixed Assets have been physically verified by the management during the year, and there is a regular programme of verification having regard to the size of the Company and the nature of its fixed assets.
 - iii) There was no substantial disposal of fixed assets during the year.
2.
 - i) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - ii) The procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
 - iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3.
 - i) On the basis of examination of records and according to information and explanations given to us, we report that the Company has not granted or taken 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 clause pertaining to the overdue amount being more than Rupees one lac is not applicable.
4. *In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further during the course of our audit no major weakness has been noticed in the internal control systems.*
5.
 - i) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred in Section 301 of the Act have been entered into the register required to be maintained under that Section.
 - ii) In our opinion and according to the information and explanations given to us, we report that there are transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lacs during the year are reasonable.
6. The Company has accepted deposits from the public. The directives issued by the Reserve Bank of India and the provisions of Section 58 A and 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, wherever applicable have been complied with.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KHAITAN (INDIA) LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

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, Service Tax and other material statutory dues have generally been regularly deposited with the appropriate authorities *except late deposit in certain cases as qualified.*
- ii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which were outstanding at the year end for a period of more than six months from the date they became payable.
- iii) According to the information and explanations given to us, there are no dues of Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute. According to the records of the Company and as per the information and explanations given to us, the dues outstanding of Sales Tax on account of any dispute are as follows :

Name of the Statute	Nature of Dues	Amount Rs.	Forum where dispute is pending
West Bengal Sales Tax Act, 1954	Sales Return Disallowed	11,21,949	West Bengal Sales Tax Tribunal
M.P. Commercial Tax Act, 1994	VAT Difference of Tax	7,17,418	High Court of Indore
M.P. Commercial Tax Act, 1994	—Do—	3,68,145	Commercial Tax Appellate Tribunal, Indore
M.P. Commercial Tax Act, 1994	Non submission of stock statement	6,00,427	Commissioners (Appeal) Indore

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit in the current and immediately preceeding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced before us, we report that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KHAITAN (INDIA) LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2007 (*Contd.*)

13. In our opinion, the Company is not a chit fund for a nidhi/mutual fund/society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others, from banks or financial institutions.
16. Based on information and explanations given to us by the management, we report that the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short term basis have been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 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 statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For CHATURVEDI & CO.
Chartered Accountants

60, Bentinck Street
Kolkata 700 069
the 28th June, 2007

NILIMA JOSHI
Partner
(Membership No.52122)

BALANCE SHEET

AS AT 31ST MARCH, 2007

	Schedule	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	4,75,00,000	4,75,00,000
Reserves & Surplus	B	65,23,22,553	63,87,38,067
		69,98,22,553	68,62,38,067
Loan Funds			
Secured Loans	C	14,03,51,103	11,39,10,225
Unsecured Loans	D	1,96,65,387	1,86,87,547
		16,00,16,490	13,25,97,772
Deferred Liabilities		4,32,013	2,41,594
		86,02,71,056	81,90,77,433
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		65,07,31,512	68,12,77,977
Less : Depreciation		13,12,95,817	12,66,57,141
Net Block		51,94,35,695	55,46,20,836
Capital Work-in-Progress		1,47,38,820	2,20,42,768
		53,41,74,515	57,66,63,604
Investments	F	11,08,42,309	3,92,69,174
Current Assets, Loans & Advances	G		
Inventories		16,63,46,536	11,98,31,216
Sundry Debtors		17,92,26,769	19,09,76,867
Cash & Bank Balances		94,75,399	1,43,97,707
Loans & Advances		7,34,84,245	2,69,89,120
		42,85,32,949	35,21,94,910
Less: Current Liabilities & Provisions	H	22,03,60,427	15,31,78,673
Net Current Assets		20,81,72,522	19,90,16,237
Deferred Tax Assets		70,81,710	37,42,064
Miscellaneous Expenditure (to the extent not written-off or adjusted)			
Deferred Premium on Forward Exchange Contract		—	3,86,354
		86,02,71,056	81,90,77,433

NOTES ON ACCOUNTS

N

Schedules form an integral part of the Accounts.

In terms of our Report of even date.

 For CHATURVEDI & CO.
Chartered Accountants

 60, Bentinck Street
Kolkata 700 069

 Nilima Joshi
Partner

 B. K. Choraria
Secretary

 SUNIL K. KHAITAN
Vice-Chairman
S. BAFNA
Executive Director
P.P. TIBREWAL
Finance Director

 S. K. KHAITAN
Chairman
R. S. GOENKA
M. K. JALAN
V. K. RUNGTA
Directors



PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	2006-07 Rs.	2005-06 Rs.
INCOME			
Net Sales and Operating Income	I	50,59,39,877	63,66,54,031
Other Income	J	4,08,38,988	1,89,21,001
Increase/(Decrease) in Stocks	K	3,89,41,948	(3,23,23,484)
		58,57,20,813	62,32,51,548
EXPENDITURE			
Raw Materials		10,66,08,323	6,36,18,142
Purchases		32,00,05,912	39,97,99,749
Packing Materials		25,02,814	19,80,785
Salaries, Wages & Other Benefits	L	2,48,36,710	3,26,93,685
Cultivation, Manufacturing and Other Expenses	M	9,22,09,021	9,89,71,532
Interest (Net)		73,93,436	94,68,023
		55,35,56,216	60,65,31,916
PROFIT BEFORE DEPRECIATION AND TAX		3,21,64,597	1,67,19,632
Depreciation		89,05,099	79,99,504
PROFIT BEFORE TAX		2,32,59,498	87,20,128
Provision for Fringe Benefit Tax		6,00,000	6,50,000
Provision for Tax		16,50,000	10,00,000
PROFIT AFTER TAX		2,10,09,498	70,70,128
Provision for Deferred Tax Assets		33,39,646	40,47,752
		2,43,49,144	1,11,17,880
Prior Period Adjustments			
Income tax for earlier years		(66,835)	8,62,153
Prior period expenses		(1,06,46,223)	(28,986)
		1,36,36,086	1,19,51,047
Balance brought forward from last year		5,71,65,347	4,52,14,300
		7,08,01,433	5,71,65,347
APPROPRIATIONS			
Balance carried to Balance Sheet		7,08,01,433	5,71,65,347
		7,08,01,433	5,71,65,347

BASIC/DILUTED EARNINGS PER SHARE (Note 11)

5.13

2.34

NOTES ON ACCOUNTS

N

Schedules form an integral part of the Accounts.

In terms of our Report of even date.

For CHATURVEDI & CO. Chartered Accountants		SUNIL K. KHAITAN Vice-Chairman	S. K. KHAITAN Chairman
60, Bentinck Street	Nilima Joshi	S. BAFNA	R. S. GOENKA
Kolkata 700 069	Partner	Executive Director	M. K. JALAN
the 28th June, 2007	B. K. Choraria	P. P. TIBREWAL	V. K. RUNGTA
(Membership No.52122)	Secretary	Finance Director	Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	2006-07 Rs./lacs	2005-06 Rs./lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	232.60	87.20
Adjustment for :		
Depreciation	89.05	79.99
Interest	73.93	94.68
Interest & Dividend Income	(70.62)	(48.41)
Profit/Loss on Sale of Investments/Fixed Assets	(330.87)	(96.58)
Premium on Forward Exchange Contract	3.86	(2.21)
Provision for Bad & Doubtful Debts/(Written back)-net	—	1.29
Liabilities no longer required, written back	(0.13)	(35.73)
Operating profit before working capital changes	(2.18)	80.23
Adjustments for :		
Other Receivables	(429.18)	(20.88)
Trade Receivables	117.50	1,179.65
Inventories	(465.16)	323.79
Trade payable	657.44	(1,110.27)
Cash Generated from Operation	(121.58)	452.52
Income Tax paid (net of refunds)	(43.77)	(7.07)
Cash Flow before extraordinary items	(165.35)	445.45
Extraordinary Items :		
Income Tax for earlier years	(0.67)	8.62
Prior period expenses	(106.46)	(0.29)
Net Cash from Operating Activities	(272.48)	453.78
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	61.93	67.18
Sale of Investments	991.56	137.99
Interest Received	48.21	18.11
Dividend Received	22.41	30.30
Purchase of Fixed Assets	(195.01)	(69.34)
Purchase of Investments	(908.00)	(41.22)
Net Cash (Outflow) from Investing Activities	21.10	143.02
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Deferred Liabilities	1.90	(12.61)
Proceeds from Borrowings	609.72	620.65
Repayments of Borrowings	(335.54)	(1,115.60)
Interest paid	(73.93)	(94.68)
Net Cash Outflow from Investing Activities	202.15	(602.24)
Net Cash Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	(49.23)	(5.44)
Cash & Cash Equivalent at beginning of the year	143.98	149.42
Cash & Cash Equivalent at end of the year	94.75	143.98

Notes: 1) Cash and cash equivalents represent cash and bank balances as indicated in Schedule G.

2) Figures in brackets represent outflows.

For CHATURVEDI & CO.
Chartered Accountants

60, Bentinck Street Nilima Joshi
Kolkata 700 069 Partner
the 28th June, 2007 (Membership No.52122) Secretary

SUNIL K. KHAITAN
Vice-Chairman
S. BAFNA
Executive Director
P. P. TIBREWAL
Finance Director

S. K. KHAITAN
Chairman
R. S. GOENKA
M. K. JALAN
V. K. RUNGTA
Directors



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE A

SHARE CAPITAL

Authorised

2,47,50,000 Equity Shares of Rs.10/- each	24,75,00,000	24,75,00,000
4,000 6% Income-Tax-Free Cumulative Preference Shares of Rs. 100/- each	4,00,000	4,00,000
21,000 Preference Shares of Rs. 100/- each	21,00,000	21,00,000
	25,00,00,000	25,00,00,000

Issued, Subscribed & Paid-up

* 47,50,000 Equity Shares of Rs.10/- each Fully Paid-up	4,75,00,000	4,75,00,000
---	-------------	-------------

* of the above

45,45,982 Equity Shares are issued as fully paid for consideration other than cash
1,65,982 Equity Shares are issued as fully paid Bonus Shares by capitalisation of General Reserve

SCHEDULE B

RESERVES & SURPLUS

Revaluation Reserve (On Revaluation of Fixed Assets)

Balance as per last Balance Sheet	42,27,42,115	42,27,42,115
Less: Adjustment on Sale of Revalued Assets	51,600	—
	42,26,90,515	42,27,42,115

General Reserve

Balance as per last Balance Sheet	15,88,30,605	15,88,30,605
	15,88,30,605	15,88,30,605

Profit & Loss Account

Balance as per Annexed Account	7,08,01,433	5,71,65,347
	65,23,22,553	63,87,38,067

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE C

SECURED LOANS

From Scheduled Banks

Cash Credit

(Secured by hypothecation of Stocks, Book Debts, Standing Crops, all Moveable Properties and Mortgage of 1,603.21 acres of Company's Agricultural Land and second charge on Fixed Assets of Sugar Division and guarantee of its two Directors, Overdrafts against pledge of Fixed Deposit Receipts)

From Financial Institutions

Term Loan

(Foreign Currency Loan from IDBI under Corporate Loan Scheme, Secured by Mortgage of 1,997 acres of Company's Agricultural Land)

From Others

Term Loans (including interest)

(Secured by charge on specified assets and guaranteed by a Director of the Company)

Auto Loans (Secured by vehicles financed)

As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
6,40,12,445	6,11,06,538
4,50,00,000	3,09,26,000
3,13,25,328	2,16,86,956
13,330	1,90,731
14,03,51,103	11,39,10,225
44,95,000	69,46,000
1,49,54,192	1,15,25,352
2,16,195	2,16,195
1,96,65,387	1,86,87,547

SCHEDULE D

UNSECURED LOANS

Fixed Deposits

Trade Deposits (Long Term)

Interest Accrued and Due



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE E

FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2006	Additions	Sales/ adjustments	As at 31.03.2007	As at 01.04.2006	For the year	Adjustments for the year	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
Land (Freehold)	43,09,55,686	—	51,636	43,09,04,050	—	—	—	—	43,09,04,050	43,09,55,686
Building	8,82,65,868	2,19,67,862	5,58,67,052	5,43,66,678	1,63,98,938	10,22,430	33,82,971	1,40,38,397	4,03,28,281	7,18,66,930
Plant & Machinery	12,19,77,195	44,98,430	14,255	12,64,61,370	8,78,08,203	50,46,006	8,293	9,28,45,916	3,36,15,454	3,41,68,992
Computer	1,21,01,765	82,187	5,89,809	1,15,94,143	50,68,465	17,52,311	4,39,167	63,81,609	52,12,534	70,33,300
Electric Installation	8,38,298	—	22,200	8,16,098	4,24,980	37,200	11,253	4,50,927	3,65,171	4,13,318
Implements & Carts	85,71,038	—	—	85,71,038	81,82,098	87,955	—	82,70,053	3,00,985	3,88,940
Vehicles	48,27,478	1,950	8,389	48,21,039	21,11,281	3,20,508	7,303	24,24,486	23,96,553	27,16,197
Furniture & Fixtures	97,55,592	2,54,360	7,97,913	92,12,039	44,25,635	5,70,671	4,17,436	45,78,870	46,33,169	53,29,957
Irrigation Equipments	38,65,980	—	—	38,65,980	21,38,513	64,413	—	22,02,926	16,63,054	17,27,467
Ferry Rights	1,098	—	—	1,098	—	—	—	—	1,098	1,098
Laboratory Equipments	1,17,979	—	—	1,17,979	99,028	3,605	—	1,02,633	15,346	18,951
TOTAL	68,12,77,977	2,68,04,789	5,73,51,254	65,07,31,512	12,66,57,141	89,05,099	42,66,423	13,12,95,817	51,94,35,695	55,46,20,836
Previous Year	68,51,78,740	57,09,465	96,10,228	68,12,77,977	12,17,66,472	79,99,504	31,08,835	12,66,57,141	55,46,20,836	

Notes :

- 1) 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.
- 2) The Company has acquired an ownership property at Mumbai, as on 1/1/94 under the scheme of amalgamation at the value of Rs. 594.14 lacs. 2/3rd portion of the said property was tenanted while the 1/3rd portion was occupied by the Company. Due to dilapidated and hazardous condition of the property it was demolished in the year 1999-2000 and the Company had started reconstruction of a new building incurring net expenditure of Rs. 165 lacs keeping in view appreciation in value in long term. As per reconstruction scheme approved by MHADA, the tenants to the building were to be given freehold ownership rights in the new building.

During the year the building has been completed and the Company has surrendered its ownership rights to various tenants. As a result, the value of the said property related to 1/3rd portion now owned by the Company has been retained and the proportionate value for 2/3rd portion has been accounted under the head "Profit/Loss on Sale of Fixed Assets/Investments".

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE F
INVESTMENTS (AT COST) LONG TERM

AS AT 31.03.2006 Nos.	AS AT 31.03.2007 Nos.	Face Value Rs.	Description	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
			1. Government Securities		
			National Defence/Savings Certificates	7,100	7,100
2	2	1,00,000	12.50% Maharashtra State Road Develop. Corp.	2,30,000	2,30,000
4	4	1,00,000	11.00% Maharashtra Krishna Valley Develop. Corp.	4,18,200	4,18,200
3	3	1,00,000	11.50% Maharashtra Krishna Valley Develop. Corp.	3,04,500	3,04,500
			2. Equity Shares (Fully Paid) Held in :		
			Quoted :		
25,59,501	12,59,502	10	Khaitan Electricals Limited	1,86,38,396	3,78,65,261
			Unquoted :		
24,300	24,300	10	Naturewealth Development Corpn. Limited	2,43,000	2,43,000
24,980	59,980	10	The Oriental Mercantile Company Limited	23,01,113	2,01,113
	13,25,000	10	Khaitan Lefin Ltd.	7,95,00,000	—
	50,000	10	Pragya Mercantiles P. Ltd.	50,00,000	—
	70,000	10	Khaitan Hotels P. Ltd.	42,00,000	—
				11,08,42,309	3,92,69,174
			Aggregate Value of :		
			Quoted Investments	1,86,38,396	3,78,65,261
			Unquoted Investments	9,12,44,113	4,44,113
			Market Value of Quoted Investments	13,40,11,013	13,75,73,179

Notes :

- National Defence/Saving Certificates are deposited with various Government Departments as Security.
- The following Investments were purchased and sold during the year :

Description	Purchased (Nos.)	Sold (Nos.)
1. Equity Shares		
Khaitan Electricals Limited	1	13,00,000
Khaitan Lefin Limited	13,25,000	
The Oriental Mercantile Company Limited	35,000	
Pragya Mercantiles P. Ltd.	50,000	
Khaitan Hotels P. Ltd.	70,000	



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE G

CURRENT ASSETS, LOANS AND ADVANCES

A. Current Assets

Inventories (As Certified by the Management)

Stores, Spares and Others

Finished Goods

Sugar & Molasses

Electrical Fans

Stock in Process

Sugar

Planted Trees

Standing Sugarcane Crop

Sundry Debtors (Unsecured)

Due for over six months

Considered Good

Considered Doubtful

Less : Provision for Doubtful Debts

Other Debts (Considered Good)

Cash and Bank Balances

Cash and Cheques in hand

With Scheduled Banks

In Current Accounts

In Fixed Deposits*

*Receipts pledged with Banks as Security

B. Loans & Advances (Unsecured)

Loans

Considered Good

Advances recoverable in cash/kind or for value to be received (Considered Good)

Compensation and Other Claims

Security Deposits

Income-tax Advance/Refund Due

Other Advances

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
	1,49,91,524	1,02,72,205
	5,41,91,182	1,21,18,716
	2,30,17,092	2,30,77,116
	33,39,822	25,56,216
	6,10,93,968	6,10,49,259
	97,12,948	1,07,57,704
	16,63,46,536	11,98,31,216
	95,47,404	1,48,18,286
	11,84,641	11,84,641
	(11,84,641)	(11,84,641)
	16,96,79,365	17,61,58,581
	17,92,26,769	19,09,76,867
	34,36,949	58,36,088
	20,53,408	51,56,628
	39,85,042	34,04,991
	94,75,399	1,43,97,707
	3,33,59,234	95,81,970
	18,81,453	18,81,453
	11,05,243	11,94,507
	60,34,116	24,56,858
	3,11,04,199	1,18,74,332
	7,34,84,245	2,69,89,120
	42,85,32,949	35,21,94,910

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE H
CURRENT LIABILITIES

Sundry Creditors*
Deposits & Advances

PROVISIONS

Provision for Income Tax

* Dues to SSI Units Rs. Nil

As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
21,08,66,731	14,50,05,285
55,93,696	57,23,388
21,64,60,427	15,07,28,673
39,00,000	24,50,000
22,03,60,427	15,31,78,673

SCHEDULE I
SALES AND OPERATING INCOME

Sales/Transfer
Less: Excise Duty on Sales
Net Sale/Transfer
Sale of Crops (Other than Sugarcane) & Income
from Water Bodies
Royalty (TDS Rs.17,01,277 Previous Year Nil)
Commission Received (Net)
(TDS Rs. 9,560 Previous Year Rs. 84,554)

2006-07 Rs.	2005-06 Rs.
47,28,34,485	62,01,25,855
58,01,540	98,26,006
46,70,32,945	61,02,99,849
7,86,504	8,25,550
3,79,50,031	2,43,70,985
1,70,397	11,57,647
50,59,39,877	63,66,54,031

SCHEDULE J
OTHER INCOME

Interest (TDS Rs.11,07,549 Previous Year Rs. 3,50,536)
Profit on Sale of Investments/Fixed Assets
Dividend
Liabilities no longer required written back (net)
Miscellaneous Income

48,21,097	18,11,151
3,30,87,562	96,57,984
22,40,973	30,30,374
13,228	35,72,973
6,76,128	8,48,519
4,08,38,988	1,89,21,001

SCHEDULE K
INCREASE/(DECREASE) IN STOCK

Closing Stock: Finished Goods
Stock-in-Process

Less : Opening Stock: Finished Goods
Stock-in-Process

Increase/(Decrease) in Stocks

Less: Excise Duty on Finished Goods

7,72,08,274	3,51,95,832
6,44,33,790	6,36,05,475
14,16,42,064	9,88,01,307
3,51,95,832	7,14,76,615
6,36,05,475	6,32,85,891
9,88,01,307	13,47,62,506
4,28,40,757	(3,59,61,199)
(38,98,809)	36,37,715
3,89,41,948	(3,23,23,484)



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE L

SALARIES, WAGES & OTHER BENEFITS

Salaries, Wages, Bonus & Allowances
Contribution to Provident and Other Funds
Directors' Remuneration
Employees' Welfare Expenses

2006-07 Rs.	2005-06 Rs.
1,89,19,826	2,52,57,711
20,58,151	29,80,586
28,47,637	32,62,922
10,11,096	11,92,466
2,48,36,710	3,26,93,685

SCHEDULE M

CULTIVATION, MANUFACTURING & OTHER EXPENSES

Stores and Spare Parts Consumed
Power and Fuel
Sugarcane Seeds
Crop Protection Charges
Agricultural Operation Charges
Cane Development Expenses
Research & Development
Repairs & Maintenance to :

Buildings
Plant & Machinery
Others
Rent (net)
Insurance Charges
Rates and Taxes
Legal Charges
Publicity & Sales Promotion
Directors' Fees
Commission (net)
Brokerage on Sale of Sugar
Packing & Forwarding Expenses
Cash Discount
Bank Charges
Travelling Expenses (including Rs.2,39,788 for Directors; Previous Year Rs.4,57,176)
Auditors' Remuneration
Miscellaneous Expenses

61,14,720	67,24,032
1,69,20,397	1,51,42,995
45,33,617	36,32,232
6,75,400	5,14,785
1,73,37,358	1,30,15,189
1,40,449	70,925
2,41,250	6,05,535
3,63,757	3,63,616
82,96,695	64,60,660
22,85,175	16,13,985
8,96,675	33,07,024
2,76,427	2,78,021
1,63,601	6,67,953
13,39,166	14,22,439
1,63,16,795	2,26,33,860
78,000	76,000
9,87,110	13,63,263
1,39,558	2,50,050
21,56,022	35,26,766
8,63,231	18,44,061
10,25,357	10,07,719
45,32,176	58,08,375
94,734	95,000
64,31,351	85,47,047
9,22,09,021	9,89,71,532

SCHEDULE N**NOTES ON ACCOUNTS****1. Significant Accounting Policies :**

- a) The Financial Statements are prepared in accordance with generally accepted accounting principles and as per the requirements of the Companies Act, 1956.
- b) The accrual basis of accounting is followed unless otherwise stated.
- c) Fixed Assets (excluding Revalued Assets) are stated at cost including cost of installation and other incidental expenses.
- d) Depreciation on Fixed Assets, acquired after 31.08.1970, has been calculated on Straight Line Method under Section 205 (2)(b) of the Companies Act, 1956 while other assets have been depreciated on Written Down Value Method under Section 205(2)(a) of the said Act.
- e) Investments are stated at cost. Temporary diminution in the value of investments have not been provided for as they are long term in nature.
- f) Inventories are valued on FIFO basis, as under :
 - i) Stores, Spares & Others : At cost exclusive of CENVAT receivable.
 - ii) Finished Goods : At lower of cost or market value.
 - iii) Stock-in-Process :
 - Sugar and Molasses : at lower of estimated cost or realisable value.
 - Planted Trees, having maturity of above 18 months, are taken at estimated realisable value.
- g) The liability for Gratuity and leave encashment is not provided for and actual liability is accounted for in the year of retirement of employees, except for the employees of the Marketing Division for which annual contribution is made to the Life Insurance Corporation of India under its Group Gratuity-cum-Life Assurance Scheme/Group Leave Encashment Scheme.
- h) Sales are shown inclusive of excise duty and sales tax, but net of returns, trade discounts and incentives. In case of sales to Government Departments, price escalations are accounted for as and when confirmed.
- i) Foreign Exchange Transactions :
 - i) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit & Loss Account. Foreign currency monetary items at the year-end are reported at the year-end exchange rate, and the resultant exchange difference is recognised in the Profit & Loss Account.
 - ii) In respect of transactions covered by Forward Exchange Contracts, the difference between the contract rate and spot rate on the date of transaction is amortised over the life of contract.



SCHEDULE N (Contd.)

- j) The expenses incurred on Sugarcane and on Trees are accumulated under the caption 'Standing Sugarcane' and 'Planted Trees' (excluding Planted Trees having maturity of over 18 months) respectively and charged to Profit & Loss Account in the year of harvesting.
- k) Excise Duty, under expenditure, represents payments made/to be made during the year on goods cleared/to be cleared.
- l) 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.
- m) Contingent Liabilities are not accounted for in the books of accounts.
- n) Payment for services where service tax is charged and credit for the same is taken is accounted net of service tax.
2. Rs. 13,507/- received in earlier years as part compensation for 1,793.78 acres of tenanted land taken over by the State Government under West Bengal Estate Acquisition Act.
3. Contingent Liabilities, not provided for, in respect of :
- | | 2006-07
Rs. | 2005-06
Rs. |
|--|----------------|----------------|
| a) Guarantees/Sureties given by the Company for its Business Associates. | 30,50,000 | 30,50,000 |
| b) Counter guarantees against guarantees given by the bank to various authorities. | 20,74,198 | 20,74,198 |
| c) Estimated liabilities for Sales Tax relating to earlier years. | 29,67,147 | 29,67,147 |
4. Unprovided gratuity liability, as per actuarial valuation not ascertained as on 31.03.07. However liability up to 31.03.06 amounts to Rs.76,02,946/-(Previous Year Rs.76,02,946/-). Leave Encashment liability unprovided as on 31.03.07 Rs. 2,23,000/- (Previous Year Rs.1,81,000/-).
5. Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs. 197.30 lacs net of advances (Previous year Rs. NIL).
6. Payment of interest on Term Loan amounts to Rs.10,87,209/- (Previous Year Rs.48,32,310/-).
7. Prior period expenses of Rs. 106.46 lacs includes interest inclusive of panel interest amounting to Rs. 105.88 lacs, payable to Sugar Development Fund provided during the year which pertained to the period from 1993 to 2006.
8. Profit on sale of Investments/Fixed Assets amounting to Rs. 330.87 lacs shown under Other Income are after adjustment of Rs. 470.36 lacs on account of surrender of ownership rights in Company's property to the tenants.
9. Cane Advances given to parties are considered good and recoverable by the management.
10. (a) Sundry Debtors of Agriculture Division includes Rs. 6,12,839 (Previous Year- Rs.6,12,839 which are old dues and considered good by the management.
- (b) Sundry Creditors includes Rs. NIL (Previous Year Rs. 3,48,240/-) being difference of Foreign Currency Receivable and Amount Payable to Bank in respect of foreign exchange contract towards Terms Loan from IDBI.

SCHEDULE N (Contd.)

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

PRODUCTION, PURCHASES, SALES & STOCKS	UNIT	2006-07		2005-06	
		Quantity	Rs.	Quantity	Rs.
A) Licensed Capacity		2,500 TCD		2,500 TCD	
Installed Capacity		1,200 TCD		1,200 TCD	
(Tons of Cane crushed per Day)					
B) Production					
Sugar	(M.T.)	7,660		4,853	
Molasses	(M.T.)	4,126		2,664	
Sugarcane	(M.T.)	20,587		27,742	
C) Opening Stock					
Sugar	(M.T.)	609	1,20,06,180	3,718	6,32,19,860
Molasses	(M.T.)	30	1,12,536	1,107	38,77,370
Fans	(Nos.)	13,190	1,06,98,382	3,536	31,86,293
P. D. Pumps	(Nos.)	723	2,96,031	1,326	3,03,859
Monoblock Pumps	(Nos.)	1,233	23,23,043	69	1,35,620
Lighting Products	(Nos.)	82,372	43,33,225	11,369	4,41,615
MCB'S		21,232	18,73,783	—	—
Wire		4,230	23,47,173	—	—
Others		—	12,05,479	—	3,11,998
Stock-in-Process :					
Sugar	(M.T.)	147	25,56,216	1,494	22,53,638
Others			6,10,49,259		6,10,32,253
			9,88,01,307		13,47,62,506
D) Purchases*					
Fans	(Nos.)	2,56,923	22,44,91,593	3,39,239	27,14,66,445
P. D. Pumps	(Nos.)	9,541	13,51,997	21,531	65,04,062
Monoblock Pumps	(Nos.)	18,743	3,70,76,856	22,241	3,92,62,781
Lighting Products	(Nos.)	3,42,378	2,45,90,030	11,94,502	5,56,01,772
MCB'S	(Nos.)	2,87,004	28,78,239	1,51,445	63,55,914
Wire	(Coils)	27,630	2,01,58,435	30,580	1,36,54,405
Others		—	94,58,762	—	69,54,370
			32,00,05,912		39,97,99,749
E) Sales/Transfer*					
Sugar	(M.T.)	4,748	7,66,35,877	8,032	14,34,52,620
Sugarcane	(M.T.)	20,587	2,15,40,353	27,742	2,84,75,566
Molasses	(M.T.)	2,387	86,71,902	3,741	1,26,23,307
Fans	(Nos.)	2,53,329	23,93,69,953	3,29,585	29,81,28,367
P. D. Pumps	(Nos.)	9,092	18,35,301	22,134	75,35,813
Monoblock Pumps	(Nos.)	19,249	4,10,31,011	21,077	4,06,55,694
Lighting Products	(Nos.)	3,77,722	2,59,40,643	11,23,499	5,66,19,092
MCB'S	(Nos.)	2,92,700	43,59,754	1,30,213	55,29,481
Wire	(Coils)	30,640	2,18,67,846	26,350	1,31,56,263
Others			3,15,81,845		1,39,49,652
			47,28,34,485		62,01,25,855



SCHEDULE N (Contd.)

PRODUCTION, PURCHASES, SALES & STOCKS	UNIT	2006-07		2005-06	
		Quantity	Rs.	Quantity	Rs.
F) Closing Stock					
Sugar	(M.T.)	3,521	4,88,40,205	609	1,20,06,180
Molasses	(M.T.)	1,770	53,50,977	30	1,12,536
Fans	(Nos.)	16,784	1,48,63,217	13,190	1,06,98,382
P. D. Pumps	(Nos.)	1,172	3,09,707	723	2,96,031
Monoblock Pumps	(Nos.)	727	16,23,641	1,233	23,23,043
Lighting Products	(Nos.)	47,028	31,62,853	82,372	43,33,225
MCB	(Nos.)	15,536	9,16,036	21,232	18,73,783
Wire	(Coils)	1,220	8,58,924	4,230	23,47,173
Others		—	12,82,714	—	12,05,479
Stock-in-Process :					
Sugar	(M.T.)	263	33,39,822	1,472	25,56,216
Others**			6,10,93,968		6,10,49,259
			14,16,42,064		9,88,01,307

* Purchases and Sales are net of returns.

** Excluding the cost of Planted Trees representing expenses incurred as referred under Note 1 (j) herein above.

10. Directors' and Auditors' Remuneration

a) Directors' Remuneration :

Remuneration*

Contribution to Provident Fund & others

Perquisites

* Inclusive of Rs. 6,60,000/- Capitalised
in the year for new project.

b) Auditors' Remuneration :

Statutory Auditors :*

As Audit Fees

As Tax Audit Fees

For Certificate etc.

For Other Services

Branch Auditors :

As Audit Fees

For Expenses

2006-07 Rs.	2005-06 Rs.
19,68,000	16,20,000
1,00,608	94,320
14,39,029	15,48,602
35,07,637	32,62,922
39,284	40,223
11,224	11,020
41,791	29,754
5,612	5,510
5,612	12,500
2,806	4,000
1,06,329	1,03,007

* [Including Service Tax of Rs. 11,595/- (Previous Year Rs. 8,007/-)].

** No Commission is payable to Directors for the year.

SCHEDULE N (Contd.)
13. Earnings Per Share (EPS)

	2006-07 Rs.	2005-06 Rs.
a) Net Profit after tax available for Equity Shareholders (Rs.)	2,43,49,144	1,11,17,880
b) Number of Equity Shares of Rs. 10/- each	47,50,000	47,50,000
c) Basic and Diluted Earnings Per Share (Rs.)	5.13	2.34

14. Deferred Tax

- a) Deferred tax has been provided by the Company in accordance with Accounting Standard 22, 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.
- b) The break-up of components of deferred tax asset /(liabilities) are given below :

	Rs./lacs	
	As at 31.03.07	As at 31.03.06
<u>Deferred Tax Assets</u>		
i) On Brought Forward Business Loss under Income Tax	85.25	63.91
ii) On Provision for bad & doubtful debts	11.35	11.35
	96.60	75.26
<u>Deferred Tax Liabilities</u>		
On difference between written down value of assets as per books and income	(25.79)	(37.84)
Net Deferred Tax (Liabilities)/Assets as at the year end	70.81	37.42

15. Expenditure in Foreign Currency

Interest to Bank	6.12	48.32
------------------	------	-------



SCHEDULE N (Contd.)

16. 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./lacs

Particulars	Marketing Division		Sugar Division		Agriculture Division		Unallocated Corp		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
REVENUE										
Sales & Operating Income	3,859.7	4,540.01	7,95.98	1,462.5	403.72	364.03	—	—	5,059.40	6,366.54
Other Income	46.79	22.52	231	31.16	4.64	1.83	354.65	133.70	408.39	189.21
Increase/(Decrease) in Stock	(0.60)	186.98	389.57	(510.38)	0.45	0.17	—	—	389.42	(323.23)
TOTAL REVENUE	3,905.89	4,749.51	1,187.86	983.28	4,08.81	366.03	354.65	133.70	5,857.21	6,232.52
RESULTS										
PROFIT BEFORE INTEREST, DEPRECIATION & TAXATION	331.35	195.54	(348.66)	(121.10)	89.46	91.11	323.43	96.32	395.58	261.87
Less :										
a) Depreciation	(23.54)	(22.42)	(57.45)	(53.86)	(288)	(3.18)	(5.18)	(0.54)	(89.05)	(79.99)
b) Interest	(447)	(57.59)	(4413)	(2205)	(2533)	(1504)	—	—	(73.93)	(9468)
TOTAL PROFIT BEFORE TAX	303.34	115.53	(450.24)	(197.00)	61.26	72.89	318.25	95.78	232.60	87.20
a) Provision for Taxation	—	—	—	—	—	—	—	—	(22.50)	(16.50)
b) Provision for Deferred Tax	—	—	—	—	—	—	—	—	33.39	40.48
PROFIT AFTER TAX	—	—	—	—	—	—	—	—	243.49	111.10
CAPITAL EMPLOYED										
Segment Assets	1,028.08	1,125.25	830.59	526.84	1,032.82	1,051.48	1,413.49	1,218.49	4,304.98	3,922.06
Segment Liabilities	418.43	763.97	1,056.42	389.39	129.63	175.02	0	0	1,604.48	1,328.38
TOTAL CAPITAL EMPLOYED	609.65	361.28	(225.83)	137.45	903.19	876.46	1,413.49	1,218.49	2,700.50	2,593.68
NON-CASH EXPENSES										
Other than Depreciation	—	1.29	—	—	—	—	—	—	—	1.29

Sales & Operating Income of Agriculture Division includes inter segment turnover Rs. 175.59 lacs (Previous Year Rs. 232.97 lacs)

17. Related Party Disclosure :

a) Names of related parties :

i) Whole-time Directors:	Relative	Relationship
Mr. S. K. Khaitan, Chairman	Mr. Sunil K. Khaitan Vice-Chairman	Son
Mr. S. Bafna, Executive Director	Mrs. Madhu Bafna	Spouse
Mr. P. P. Tibrewal, Finance Director		
ii) Associates :		
Khaitan Electricals Limited and Khaitan Lefin Limited.		

SCHEDULE N (Contd.)
Related Party Disclosure : (Contd.)
b) Transactions with related parties :
(Rs. in lacs)

Nature of Transactions	Key Management Personnel & Relatives (A)		Associates (B)		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Remuneration	28.78	26.33	—	—	28.78	26.33
Sitting Fees	0.10	0.08	—	—	0.10	0.0
Residential accommodation	2.16	2.16	4.74	4.74	6.90	6.90
Purchase of goods	—	—	3,200.08	3,997.99	3,200.08	3,997.99
Royalty received	—	—	376.83	243.71	376.83	243.71
Sale of Fixed Assets	—	—	—	37.78	—	37.78
Commission received	—	—	1.70	13.91	1.70	13.91
Lease rent paid	—	—	0.63	0.63	0.63	0.63

c) Name of related party, description of relationship and outstanding as on 31st March, 2007.

Related Party	Relationship	Balance as on 31st March, 2007 (Rs. / lacs)
Khaitan Electricals Limited	Associates	995.90

d) The significant transactions during the year with the related parties are as under :
(Rs. in lacs)

a. Khaitan Electricals Limited (B)	Purchase of goods	3,200.08
	Royalty received	376.83
	Commission received	1.70
	Lease rent paid	0.63
b. Khaitan Lefin Limited (B) Mrs. Madhu Bafna	Residential accommodation	4.74
	Residential accommodation	2.16
c. Mr. S. K. Khaitan (A)	Remuneration	16.67
Mr. S. Bafna (A)	Remuneration	4.91
Mr. P. P. Tibrewal (A)	Remuneration	7.18

e) In respect of above parties, no amount has been provided as doubtful debts or advances written off or written back during the year against debts due from/to them.

18. As Company's Marketing Division has discontinued its operations in certain States during the year, the figures of current year are not comparable with figures of previous year.

19. Previous year figures have been regrouped/rearranged whenever necessary.



SCHEDULE N (Contd.)

20. Statement Pursuant to Part IV of the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

A) Registration Details :

i)	Registration No.	:	8775
ii)	State Code No.	:	21
iii)	Balance Sheet Date	:	31.03.2007

B) Capital Raised During the Year (Rs. in thousands): Nil

C) Position of Mobilisation and Deployment of Funds (Rs. in thousands) :

Total Liabilities	8,60,271	Total Assets	8,60,271
Sources of Funds :		Application of Funds :	
Paid-up Capital	47,500	Fixed Assets (Net)	5,34,174
Reserves & Surplus	6,52,323	Investments	1,10,842
Secured Loans	1,40,351	Net Current Assets	2,08,173
Unsecured Loans	19,665	Deferred Tax Assets	7,082
Deferred Liabilities	432		

D) Performance of Company (Rs. in thousands) :

Turnover	5,85,721	Total Expenditure	5,62,462
Profit/(Loss) before Tax	23,259	Profit after Tax	21,010
Earning per Share :		Dividend Rate %	Nil
Basic and Diluted in Rs.	5.13		

E) Genetic Names of three Principal Products/Services of Company : (As per monetary terms)

i) Item Code No	: 841451.02	ii) Item Code No.	: 170199.99
Product Description	: Electrical Fans	Product Description	: Sugar
iii) Item Code No.	: N.A.		
Product Description	: Sugarcane		

Signatures to Schedules 'A' to 'N'

For CHATURVEDI & CO.		SUNIL K. KHAITAN	S. K. KHAITAN
Chartered Accountants		Vice-Chairman	Chairman
60, Bentinck Street Nilima Joshi		S. BAFNA	R. S. GOENKA
Kolkata 700 069 Partner		Executive Director	M. K. JALAN
the 28th June, 2007 (Membership No.52122) Secretary		P. P. TIBREWAL	V. K. RUNGTA
		Finance Director	Directors

khaitan (India) Limited

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

PROXY FORM

.....being a member(s) of Khaitan (India) Limited hereby appoint.....

as my / our proxy to vote for me/us on my/our behalf at the Seventieth Annual General Meeting of the Company to be held on Friday, the 21st September, 2007 at 11.30 a.m. at Merchant Chamber of Commerce, 5B, Hemant Basu Sarani, Kolkata 700 001 and at any adjournment thereof.

As witness my/our hand(s) this day of 2007

Signed by the

Affix
Re. 1
Revenue
Stamp

Note : The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding of the aforesaid meeting.

khaitan (India) Limited

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

ATTENDANCE SLIP

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



I hereby record my presence at the Seventieth Annual General Meeting of the Company to be held at Merchant Chamber of Commerce, 5B, Hemant Basu Sarani, Kolkata 700 001 on Friday, the 21st September, 2007 at 11.30 a.m.

Name of the Shareholder.....
(in block letters)

Folio No.....No. of Shares held.....

Signature of the Shareholder/Proxy

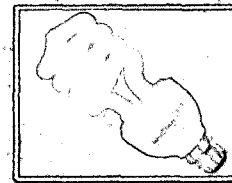
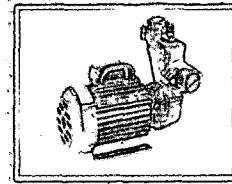
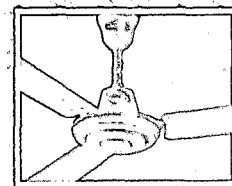
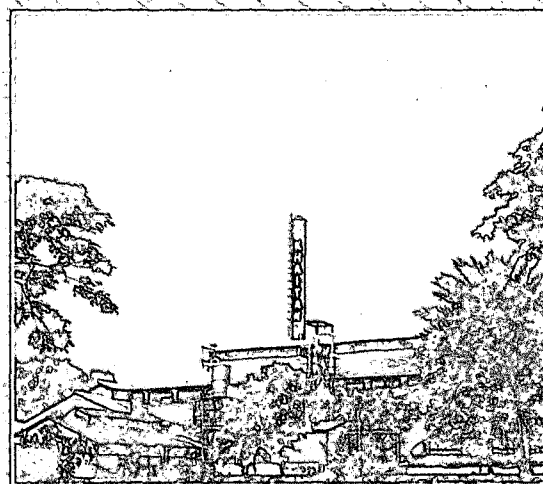
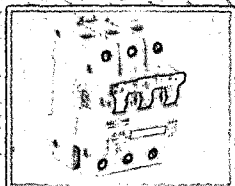
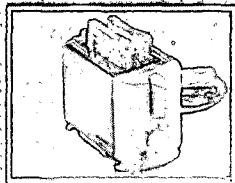
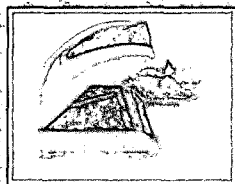
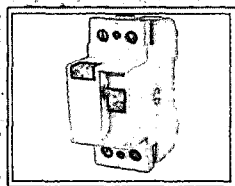
Note : Only Shareholders of the Company or their Proxies will attend the meeting.

	
Special Discount Cheque	
To, Any Khaitan Dealer	
Please supply..... <i>upto 2 (two)</i>No(s) of Khaitan product(s) of any model/type/size to the bearer of this cheque at special discount, against cash.	
Valid upto 31st March, 2008	 Signature
HIL/95/98980	Please contact any place mentioned overleaf

KHAITAN SALES & SERVICE CENTRE

Address	Phone	Address	Phone
Mahakant Complex, Opp. V. S. Hospital Ashram Road, Ahmedabad 380 006	3007 2677 2657 5239	Roshanlal Compound, 178/1, Pathar Mundla Road, Palda, Indore 452 020	286 2205 309 6882
Manish Towers, Flat No. D-5, 3rd Floor 84, J. C. Road, Bangalore 560 002	4124 9961/2	10, Gopinath Marg, New Colony Jaipur 302 001	236 7064
Plot No. 77, Industrial Area, Phase - I Chandigarh 160 002	507 6896	Clinic Building, 1st Floor 24/56, Birhana Road, Kanpur 208 001	235 3514 236 9009
Apex Chamber, 2nd Floor 20/18, Sir Thiagaraja Road, T. Nagar Chennai 600 017	2435 5933/4 2814 0208	T.D. Road, Ernakulam Kochi 682 035	236 1575 236 8108
Jobra Road; Behind Apex Diagnostic Centre Cuttack 753 003	234 8281	Poddar Court (Basement) 18, Rabindra Sarani, Kolkata 700 001	2210 3331 2225 3676/7
1/23B, Asaf Ali Road, New Delhi 110 002	30481009	'Khaitan Chamber' 143/145, Modi Street, Fort, Mumbai 400 001	66102464
Udyog Vikash Bhawan G.S.Road, Bhangaghar, Guwahati 781 005	252 9794 245 8650	1/23B, Asaf Ali Road, New Delhi 110 002	30481006
A-13, Co-operative Industrial Estate Balanagar, Hyderabad 500 037	65170666	1st Floor, Sri Ram Bhawan, Exhibition Road, Patna 800 001	2322801

BOOK POST



If undelivered, please return to :

Khaitan (India) Limited

"Everest" 46C, J.L. Nehru Road, Kolkata -700 071