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# Corporate Information

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## Board of Directors

S.K. Khaitan, Chairman  
Sunil K. Khaitan, *Vice-Chairman & Managing Director*  
Sajjan Dabriwal, *Dy. Managing Director*  
Jyoti P. Tibrewala  
Biswajit Choudhuri  
M.G. Todi  
A.K. Kajaria  
V.K.Rungta

## Auditors

M/s. V.S. Rao & Co.  
*Chartered Accountants*

M/s. G.P. Agrawal & Co.  
*Chartered Accountants*

## Bankers

State Bank of Travancore  
State Bank of Patiala  
Industrial Development Bank of India Ltd.

## Depository Registrar & Share transfer agent

M/s. CIL Securities Ltd.  
214, Raghava Ratna Towers  
Chirag Ali Lane  
Hyderabad – 500 001  
Telephone: (040) 23202465/ 23203155  
Fax: (040) 66661267

## Branches

Ahmedabad, Bangalore, Chandigarh, Chennai, Cuttack,  
Faridabad, Ghaziabad, Guwahati, Hyderabad, Indore, Jaipur,  
Kanpur, Kochi, Kolkata, Mumbai, New Delhi, Patna, Raipur,  
Ranchi and Rishikesh

## Corporate Office

'Everest' 20th Floor  
46C, J.L. Nehru Road  
Kolkata – 700 071  
Telephone: (033) 40505000 / 40505040

## Registered Office

A-13, Co-operative Industrial Estate  
Balanagar, Hyderabad – 500 037  
Telephone: (040) 23770640  
Fax: (040) 23770646

## Kolkata Works

P-10, Transport Depot Road  
Kolkata – 700 088

## Hyderabad Works

129, Sri Venkateswara Co-op. Industrial Estate  
IDA, Bollaram – 502 320 Medak Dist. (A.P.)

## Faridabad Works

Plot No. 14, Sector – 6  
Faridabad – 121 006 (Haryana)

# Notice

## TO THE MEMBERS

The 34th Annual General Meeting of KHAITAN ELECTRICALS LIMITED will be held on Thursday, the 16th September, 2010 at 11.00 A.M. at – Surana Udyog Hall, Federation House, FAPCCI, 11-6-841, Red Hills, Hyderabad-500004 to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Sri A.K.Kajaria who retires by rotation and, being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Sri M.G.Todi who retires by rotation and, being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Sri Sajjan Dabriwal who retires by rotation and, being eligible, offers himself for re-appointment.

5. To appoint M/s. V.S.Rao & Co. Chartered Accountants, Hyderabad and M/s. G.P.Agrawal & Co. Chartered Accountants, Kolkata as Joint Auditors who shall hold office from the conclusion of this Annual General Meeting and till the conclusion of next Annual General Meeting and fix their remuneration

## SPECIAL BUSINESS

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

“RESOLVED that Sri Biswajit Choudhuri, who was appointed as an additional Director by the Board of Directors of the Company with effect from 31st December, 2009, pursuant to Section 260 of the Companies Act, 1956 to hold office upto the date of 34th Annual General Meeting of the Company and in respect of whom the Company has received a notice alongwith requisite deposit from a member proposing his candidature for

the post of Director be and is hereby appointed as a Director of the Company.”

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

“RESOLVED that in terms of provisions of Section 198, 269, 309, 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Sri Sajjan Dabriwal be re-appointed as Deputy Managing Director of the Company and consent be and is hereby accorded to him for holding and continue to hold an office or place of profit in the Company for a period of three years, commencing from 20.09.2010 to 19.09.2013 on the terms set out in the explanatory statement annexed hereto”

“RESOLVED FURTHER that the Board of Directors of the Company (including remuneration Committee) be and are hereby authorized to do all such acts and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power here in conferred to any Director/Officer of the Company to give effect to the aforesaid resolution.”

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that the accounts for the year ending 31st March, 2011 of the branches of the Company at Mumbai, Ahmedabad, Indore, Delhi, Kanpur, Faridabad, Jaipur, Chandigarh, Chennai, Bangalore, Hyderabad, Kochi, be audited otherwise than by the Company's Auditors and that for the audit of the accounts of

those branches, the Company hereby authorizes its Board of Directors to appoint, in consultation with the Company's Auditors, a person or firms of persons qualified for the appointment as Auditors of the Company Under Section 226 of the Companies Act, 1956 and to fix the terms and conditions of appointment and remuneration of such Branch Auditors.”

9. To consider and, if thought fit, to pass with or without modifications(s) the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 314 (1-B) of the Companies Act, 1956 and any amendment or revision thereof, consent be and is hereby accorded for the appointment of Ms. Vegeesha Khaitan relative of some of the Directors of this Company as Executive Assistant to Vice Chairman and MD, at such remuneration not exceeding the limits specified under section 314 (1-B) of the Companies Act, 1956, commencing from 1st October, 2010 on the terms set out in the Explanatory Statement annexed hereto.

By Order of the Board

G. R Choudhary

Chief Financial Officer & Secretary

46 C J.L.Nehru Road  
Kolkata – 700 071  
29th May, 2010

## NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.6 to 9 set out above is annexed hereto.

2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself/itself and the Proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, atleast 48 hours before commencement of the Meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 07th September, 2010 to 16th September, 2010 (both days inclusive).

4. Members are requested to bring along their copies of the Annual Report in the meeting.

5. Members, who have not encashed their dividend warrants for the financial years commencing from 1st April, 2003 are requested to approach the Company for obtaining duplicate Dividend Warrants.

6. Members, desiring to seek any information on the annual accounts at the meeting, are

requested to write to the Company at least 10 days in advance of the meeting to facilitate compilation thereof.

7.(a) In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole / First joint holder, the following information to be incorporated on the Dividend Warrants.

i) Name of the Sole/First joint holder and the Folio Number.

(ii) Particulars of Bank Account, viz.,

(a) Name of the Bank.	form may kindly note that their Bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/change in such Bank details. Further, instructions, if any, already given by	them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.
(b) Name of Branch		
(c) Complete address of the Bank with Pin Code Number		
(d) Account type, whether Savings (SB) or Current Account (CA)		
(b) Shareholders holding shares in electronic		

## IMPORTANT

AS INFORMED MEMBERS ARE ONCE AGAIN REQUESTED TO SURRENDER THEIR OLD SHARE CERTIFICATE/S I.E. KEL/KOLKATA AND KTEL/HYDERABAD FOR EXCHANGE WITH THE NEW SHARE CERTIFICATES I.E. KEL/HYDERABAD.

FURTHER, AS THE COMPANY'S SHARES ARE UNDER COMPULSORY DEMAT (ISIN "INE 761A01019") SHAREHOLDERS ARE ONCE AGAIN REQUESTED IN THEIR OWN INTEREST TO CONVERT THEIR SHARES FROM PHYSICAL FORM TO DEMAT.

### ANNEXURE TO NOTICE:

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 29 th May, 2010

#### ITEM NO. 6

Sri Biswajit Choudhuri was appointed as an additional Director as per Resolution by Circulation dated 31st December, 2009 and confirmed by Board on 29th January, 2010. Pursuant to section 260 of the Companies Act, 1956, he holds office upto 34th Annual General Meeting of the Company. The Company has received a notice alongwith requisite deposit from a member under section 257 of the Companies Act, 1956 proposing Mr. Biswajit Choudhuri's candidature for the directorship.

Sri Biswajit Choudhuri (67 Years) has over 46 Years of rich experience in Engineering, Banking, Finance and Management. He has graduated

from IIT, Kharagpur in Mechanical Engineering. He is a former Chairman and Managing Director of United Bank of India and Executive Director of UCO Bank. His Other Directorships include Aditya Birla Chemicals (India) Ltd, Bengal Sunny Rock Estates Housing Development Co. Ltd., Hindustan Engineering & Industries Ltd., Ludlow Jute & Specialities Ltd., Godawari Power and Ispat Ltd., R.V. Investment & Dealers Ltd., DIC India Ltd., R.R. Ispat Ltd., Space Matrix Ltd., Maithan Alloys Ltd. and NKG Infrastructure Ltd. He holds no share in the Company.

Your Directors solicit the approval of members by way of ordinary resolution in respect of Item No.6 set out in the notice.

None of the Directors except Sri Biswajit Choudhuri is interested in this resolution

#### ITEM NO. 7

The Board of Directors of the Company, at its meeting held on 29th May, 2010 had re-appointed Mr. Sajjan Dabriwal as Dy. Managing Director on the terms and conditions and remuneration as set out here under.

As required under Para (c) of Section II of Part II of Schedule XIII to the Companies Act 1956, the relevant details to be sent along with the notice calling the General meeting as under:

#### I. GENERAL INFORMATION:

- |   |   |  |
|---|---|--|
| 1. Nature of Industry   | - | Manufacturing and Trading of Electric fans, Compact florescent lamps, appliances, wires and cables, pumps etc. |
| 2. Date or expected date of commencement of commercial production   | - | The Companies Electric fans business commenced commercial production since 1976                                |
| 3. In case of new Companies expected date of commencement and activities as per project financial institutions appearing in the prospects | - | N.A.   |

#### 4. Financial Performance based on given indicators

(Rupees in lacs)

Particulars	Year ended 31st March 2008	Year ended 31st March 2009	Year ended 31st March 2010
1. Net Sales and Other Income	32,111	28,560	35,797
2. Operating Profit (before interest dep. and taxation)	2,168	822	1,916
3. Profit before taxation	1,551	(617)	562

5. Export performance and net foreign Exchange Collaborations.

(Rupees in lacs)

Particulars	Year ended 31st March 2008	Year ended 31st March 2009	Year ended 31st March 2010
Foreign Exchange earnings	863	1,072	883
Outgo	2,095	1,583	2,982

6. Foreign Investment or collaborations, if any	- NIL	Dabriwal took over the operations of the Company's Hyderabad facility as Deputy Managing Director in July, 1999. Since then he has efficiently ran the operation of Hyderabad facility. He has been responsible for cost	optimization and process re-engineering. Sri Sajjan Dabriwal aged 42 years is Graduate in Commerce and has nearly two decades of experience in the field of industry and business management.
II. Information about Sri Sajjan Dabriwal			
1. Background details -	Sri Sajjan		

Sri Sajjan Dabriwal is member of Share Transfer/Investors Grievance Committee. The other Directorships of Sri Sajjan Dabriwal are as follows:

Name of the Company	Board position held	Committee Membership
Sajjan Commercial Enterprises Ltd.	Director	--
Jayshree Ganapathi Granite P. Ltd.,	Director	--
Padma India Ltd.,	Director	--
Silver Shoppee P. Ltd.	Director	--
Sys Investments & Realty P.Ltd.	Director	--

2. Past remuneration of Sri Sajjan Dabriwal

Salary Approved by Shareholders at Annual General Meeting held on 25th September, 2007 : Rs.50,000/- per month in the scale of Rs.50,000/- to Rs.1,00,000/- per Month with an authority to the Board of Directors of the Company to grant such increments within the said schedule as it may determine from time to time

Salary approved by Remuneration Committee For the Financial Year 2008-09 : Rs 60,000 /- per month

Salary approved by Remuneration Committee For the Financial Year 2009-10 : Rs 60,000/- per month

**Commission and Perquisites Commission :**

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

Perquisites :

In addition to the salary and commission, he will be entitled to the following perquisites which

shall be restricted to an amount equal to his salary.

**CATEGORY I**

i Rent-free residential accommodation, failing which House Rent Allowance @ 60% of the salary

ii The expenditure allowance incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income Tax Rules, 1962 and shall not exceed 10% of the salary.

iii. City Compensatory Allowance @ 10% of the Salary.

iv. The reimbursement of medical expenses actually incurred for self and family, in accordance with the Rules of the Company.

v. Leave Travel Assistance for self and family once in a year, incurred in accordance with the Rules of the Company.

vi. Fee of Club subject to a maximum of two Clubs. This will not include the Admission and/ or Life Membership Fee

**CATEGORY II**

i. The Company's contribution to Provident, Superannuation and other funds as per the rules. Such contribution will not be included in computation of the ceiling on perquisites to the extent, not taxable under the Income Tax Act, 1961

ii. Gratuity at the rate of half month's salary for every completed year of service as per rules of

the Company, subject to the limits prescribed by the Central Government, which will not be included in the computation of ceiling on perquisites.

iii. Earned Leave as per Rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

**CATEGORY III (Not to be considered as Perquisites)**

Provision of car with driver for use on Company's business, alternatively car/conveyance expenses incurred on Company's business will

be reimbursed at actuals.

Free telephone facility at residence, provided that charges for all personal long distance calls shall not be borne by the Company.

Group Personal Accident Insurance, premium of which not to exceed Rs.10,000/- p.a.

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

He will not be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

This appointment can be terminated by either party by giving three months' notice in writing to the other.

The remuneration, designation, terms and conditions of appointment can be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the provisions of Schedule XIII of the Companies Act, 1956.

3. Awards : NIL

4. Job profile and his suitability : Sri Sajjan Dabriwal, Deputy Managing Director is vested with substantial operational powers of Hyderabad facility under the superintendence, control and direction of the Vice Chairman & Managing Director besides the Board of Directors. He is also involved in production planning, execution, product development, vendor development and also contribution to the marketing activities of the Company. As explained Sri Sajjan Dabriwal as Deputy Managing Director has assisted in bringing the Company to its present position

5. Remuneration proposed : Remuneration as approved by the Board of Directors on 29th May, 2010 (for the period from 20th September, 2010 To 19th September, 2013) .

I. Salary : Rs.1,00,000./- per month

**II. COMMISSION:**

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

III. Perquisites: In addition to the salary, he will be entitled to the following Perquisites which shall be restricted to an amount equal to his salary.

**CATEGORY I**

i Rent-free residential accommodation, failing which House Rent Allowance @ 60% of the salary.

ii The expenditure allowance incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per Income Tax Rules, 1962 and shall not exceed 10% of the salary.

iii. City Compensatory Allowance @ 10% of the Salary

iv. The reimbursement of medical expenses actually incurred for self and family, in accordance with the Rules of the Company

v. Leave Travel Assistance for self and family once in a year, incurred in accordance with the Rules of the Company.

vi. Fee of Club subject to a maximum of two Clubs. This will not include the Admission and/ or Life Membership Fee

**CATEGORY II**

i. The Company's contribution to Provident, Superannuation and other funds as per the rules. Such contribution will not be included in computation of the ceiling on perquisites to the extent, not taxable under the Income Tax Act, 1961.

ii. Gratuity at the rate of half month's salary for every completed year of service as per rules of the Company, subject to the limits prescribed by the Central Government, which will not be included in the computation of ceiling on perquisites.

iii. Earned Leave as per Rules of the Company. Encashment of leave at the end of the tenure

will not be included in the computation of ceiling on perquisites.

**CATEGORY III (Not to be considered as Perquisites)**

Provision of car with driver for use on Company's business, alternatively car/conveyance expenses incurred on Company's business will be reimbursed at actuals.

Free telephone facility at residence, provided that charges for all personal long distance calls shall not be borne by the Company.

Group Personal Accident Insurance, premium of which not to exceed Rs.10,000/- p.a.

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

He will not be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

This appointment can be terminated by either party by giving three months' notice in writing to the other.

The remuneration, designation, terms and conditions of appointment can be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the provisions of Schedule XIII of the Companies Act, 1956.

In the event of loss or inadequacy of profit, he will be entitled to the above salary and perquisites not exceeding Rs.48,00,000 per annum as minimum remuneration for the period from 1st April 2008 to 31st March 2011.

6. Comparative remuneration policy with respect to industry, size of the company, profile of the position and person: The executive remuneration

in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration to managerial persons. The remuneration committee constituted by the Board of Directors in terms of the said schedule, perused remuneration of managerial persons in the relevant industry and other companies comparable with the size of the company, industry bench marks in general, approval and responsibilities of Sri Sajjan

Dabriwal, before providing the remuneration as herein above.

7. Pecuniary Relationship directly or indirectly with the Company or relationship with managerial person if any.

Besides the remuneration Sri Sajjan Dabriwal does not have any pecuniary relationship with the Company. Sri Sajjan Dabriwal is the son in law of Sri S.K.Khaitan, Chairman and related to him.

III. Other Information:

1. Reasons for loss or inadequacy of profits: The Company has regularly made adequate profits for the past few decades. The financial performance of the Company for the financial years 2007-08, 2008-09 and 2009-10 are given below:

(Rupees in lacs)

Particulars	2007-08	2008-09	2009-10
Turnover	31996	28474	35,693
Other Income	116	86	104
Profit before tax	1551	(617)	562

The financial year 2008-09 was a difficult year for any industry which was badly hit by the unprecedented downturn in the global economy. Business and consumer sentiment across geographies was severely effected. The unanticipated crisis and steep increase in input costs affected the company's performance more so since the company mainly is in consumer durable business.

2. Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

The Company has embarked on a series of strategy and operating measures that have resulted in the improvement in the year 2009-10. The inherent strength of the Company especially its manufacturing capability and wide distribution net work and cost optimization are also expected to enable the company to position itself during adversities. The company has also addressed the issue of productivity and has put in place measures to reduce cost and improve the bottom line.

None of the Directors of the Company is concerned or interested in the said resolution.

The explanatory statement together with the accompanying notice should be treated as an abstract of the terms and memorandum of interest of the Director under section 302 of the Companies Act, 1956.

The Directors recommend the passing of the resolution at item No.7 of the accompanying notice.

ITEM NO. 8

The Resolution is proposed in order to comply with the provisions of Section 228 (3) of the Companies Act, 1956. The Company has Branches, interalia, at Mumbai, Ahmedabad, Indore, Delhi, Kanpur, Faridabad, Jaipur, Chandigarh, Chennai, Bangalore, Hyderabad, Kochi and it being considered desirable, it is proposed, in accordance with the provisions of the said Section, to authorize the Board of Directors to appoint, in consultation with the Company's Auditors, a person or persons qualified for appointment as Auditor or Auditors under Section 226 of the Companies Act, 1956 to audit the accounts of the branches of the Company.

ITEM NO. 9

The Board of Directors at its meeting held on 29th May, 2010 has appointed Ms. Vageesha Khaitan as Executive Assistant to Vice Chairman and MD with effective from 1st October, 2010 on the terms, conditions and remuneration as set out hereunder:

a. Basic Salary : Rs. 20,000/- per month

b. House Rent Allowance: 60% of the Basic Salary

c. Conveyance Allowance: Rs. 3,000/- per month

d. City Compensatory Allowance: 15% of the Basic Salary

e. Contribution to Provident Fund and Gratuity as per Rules of the Company.

f. Medical Allowance / Leave Travel Allowance / Bonus / Leave Encashment etc. as per Rules of the Company.

This appointment can be terminated by her or the Company's Board of Directors by giving three months' notice to the other.

The remuneration, designation, terms and conditions of her appointment can be altered and varied from time to time by the board as it may, in its discretion, deem fit within the provisions of Section 314 (1-B) of the Companies Act, 1956.

By Order of the Board

G. R Choudhary

Chief Financial Officer & Secretary

46 C J.L.Nehru Road  
Kolkata - 700 071  
29th May, 2010



# Directors' Report including Management Discussion

To the members

Your Directors are delighted to present 34th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

## Financial results

	2009-2010 (Rs. in lacs)	2008-2009 (Rs. in lacs)
Sales	37,231.11	29,741.59
Gross profit for the year	727.39	459.19
Less : Depreciation	(165.24)	173.89
Profit before Exceptional item & Tax	562.15	285.30
Less : Exceptional Item	-	902.13
Profit / (Loss) before Tax	562.15	(616.83)
Less : Provision for Income Tax		
For Current Year- Current tax	(100.00)	-
Deferred tax	(161.17)	(178.09)
Fringe benefit tax	-	42.21
MAT Credit Entitlement	55.00	-
For Earlier Years		
Income tax	3.25	(3.02)
	(202.92)	(138.90)
Profit / (Loss) after Tax	359.23	(477.93)
Add: Profit brought forward from previous year	73.08	551.01
Making an available surplus of	432.31	73.08
Which is to be carried forward		
Earnings per share (in Rs.)	3.12	(4.16)
Cash earnings per share (in Rs.)	4.56	(2.64)



### Dividend

Considering the quantum of Profit and requirement of funds for expansion and modernization of plants, your directors do not recommend any dividend for the year 2009-10 on Equity Shares.

### Financial review

The year 2009-10 brought a note of satisfaction with significant growth in business volumes and marginal improvement in realizations from the market. Cost of inputs, more particularly metals witnessed volatility leaving its mark on bottom line of the Company.

### Sales

Sale for the year ended March 31st, 2010 improved to Rs. 372.31 Crores, compared

to Rs. 297.42 Crores in the previous year registering a growth rate of 25%. The operating profits for the year was up at Rs. 22.80 Crores against Rs. 10.50 Crores before exceptional item for the previous year.

### Other Income

Other income consists of, export incentives, cash discount, claims received etc.

### Financial expenses

Net Financial expenses for the year was Rs. 15.53 Crores as against Rs. 5.91 Crores in the Previous Year.

### Depreciation

Depreciation was at Rs. 1.65 Crores

compared to Rs. 1.74 Crores in the previous year.

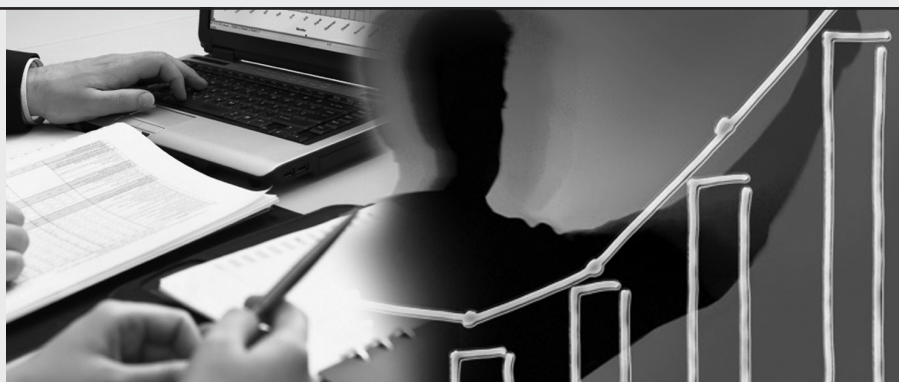
### Earnings per share

Earnings Per Share (EPS) stood at Rs. 3.12 compared to EPS of Rs. (4.16) in the previous year. The cash earned stood at Rs. 4.56 as against Rs. (2.64) per share in the previous year.

### Cash flow analysis

	Rs. in lacs	
	2009-10	2008-09
<b>Source of cash</b>		
Cash from operations	1,974.72	881.99
Increase in borrowings	3,181.64	941.89
Inter Corporate Deposits	188.35	574.11
Decrease in Cash & Cash Equivalents	-	114.11
<b>Total</b>	<b>5,344.71</b>	<b>2,512.10</b>
<b>Use of cash</b>		
Net capital expenditure	373.51	248.32
Interest Paid (Net)	1,196.84	363.71
Dividend Paid	-	230.00
Tax paid	41.56	115.41
Increase/(Decrease) in Cash & Cash Equivalents	689.43	-
Increase/(Decrease) in Working Capital	3,043.37	652.53
Exceptional Item ( Loss by Fire)	-	902.13
<b>Total</b>	<b>5,344.71</b>	<b>2,512.10</b>





### Industrial structure

The Fan Industry registered significant growth in demand during 2009-10. The stimulus given by Government of India in the form of drop in Central Excise Duties has shielded Indian economy from the global economic turbulences and resulted into smart recovery.

### Human resources

The Company employed good human resources practices. The Company is enjoying good and congenial industrial relations at all of its plants. As on 31st March, 2010, the total permanent employees were 863.

### Safety environment and pollution control

The Company continuously works on high safety standards and a clean environment free from pollution. The manufacturing process does not generate effluents.

### ISO 9001

The Plant of your Company located at Hyderabad and Kolkata are presently ISO 9001:2000 certified.

### Current outlook, risks & concerns

The Company operates in a highly competitive market. The demand for current year is expected to be strong with improved realty sector performance. The Retail format - Elmart and Fantasy having been scaled down may result into pruning of overheads. Our ability to sustain improved scale of operations may significantly improve margins. Currency fluctuations may affect metal prices and may cause pressure on our margins. No threat is witnessed from imports.

### Internal control systems and their adequacy

The Company remains committed to maintain its internal control system and procedures to provide reasonable assurances for efficient conduct of business and security of its assets. The Company has an elaborate budgetary control system and actual performance is consistently monitored by the Management. The Company has a well defined organizational structure, authority levels and internal guidelines and rules.

### Fixed deposits

The Company did not accept/renew any Fixed Deposit during the year under review and there were no outstanding Deposits.

### Directorate

Sri A.K.Kajaria, Sri M.G.Todi and Sri Sajjan Dabriwal, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

Sri Biswajit Choudhuri joined the Board as Independent Director during the year.

### Corporate Governance Report

A separate report on Corporate Governance is furnished as a part of the Annual Report and the certificate from the Company's Auditors regarding compliance with the said code is annexed to the said Report.

### Cost auditors

Pursuant to provisions of Section 233(B) of the Companies Act, 1956 necessary application was submitted to the Department of Company Affairs for the

appointment of M/s.Prasad & Company, Cost Accountants as Cost Auditors to audit the cost accounts maintained by the Company for the year ending 31st March, 2010.

### Auditors

M/s.V.S.Rao & Co., Chartered Accountants and M/s.G.P.Agrawal & Co., Chartered Accountants, Joint Auditors of the Company retire at the ensuing Annual General meeting and are eligible for re-appointment

### Directors' Responsibility Statement

Pursuant to Sub Section 2 (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments 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.
- iii) the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the Directors had prepared the annual accounts on a going concern basis.

## Disclosures

Information, as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is set out as under:

A.	Conservation of Energy	:	The Company's energy requirement is not large and the power consumption is in conformity with the industry norms. Hence, no special measures were taken.
B.	Technology Absorption		
	1. Specific areas in which R&D carried out by the Company	:	Development of new models/products/processes, improvement in the quality and productivity of the existing products.
	2. Benefits derived as a result of the above R & D	:	Improvement in quality and productivity of the products.
	3. Future Plan of Action	:	To design and develop new as well as low-cost models of fans, high speed fans and power-efficient motors.
	4. Expenditure on R&D		
	a) Capital	:	Nil
	b) Recurring	:	Rs. 16.08 Lacs
	c) Total	:	Rs. 16.08 Lacs
	d) Total R & D Expenditure as a percentage of Total Turnover	:	0.04 %
C.	Foreign Exchange Earning and Outgo		
	1. Activities relating to Exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.	:	The Company export its products to various Middle East Countries, Nigeria, Ghana, Tanzania, Sudan, Jordan, Egypt, Kenya, Maldives, Bhutan Italy, Yeman,Uganda, Iraq, Nepal, Bangladesh, Sri Lanka, etc. Efforts are on for increasing exports to the existing customers and for exporting to new countries.
	2. Total Exchange used and earned	:	Used – Rs. 2982.53 Lacs Earned – Rs. 882.16 Lacs

## Personnel

Relations with the employees remained cordial and harmonious. Your Directors wish to place on record their sincere appreciation for the dedicated services rendered by the Company's employees at all levels. Information, as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are set out as under:

Employed throughout the financial year:

Name	:	Sri Sunil K. Khaitan
Age and experience	:	50 Years & 31 years
Designation and nature of duty	:	Vice Chairman & Managing Director
Qualification	:	B.Com (Hons), MBA
Remuneration	:	Rs. 4,320,967/-
Date of joining	:	01.11.1998
Particulars of last employment	:	Vice-Chairman & Managing Director of Erstwhile Khaitan Electricals Limited

Note: Sri Sunil K.Khaitan is related to Sri S.K.Khaitan, Chairman, Sri Sajjan Dabriwal, Dy. Managing Director and Sri A.K.Kajaria, Director.

The Directors thanks the Company's Customers, Distributors, Vendors, Investors, Bankers and Financial Institutions for their support to the Company.

On behalf of the Board



S.K. Khaitan  
Chairman

Kolkata  
29th May, 2010

# Corporate Governance Report

## 1. Company's Philosophy on Code of Governance

Your Company believes that good corporate governance entails the balancing of corporate actions with the interests of all stakeholders and satisfying the tests of accountability, transparency and fair play.

## 2. Board of Directors

The strength of your Company's Board is Eight Directors comprising Six non-

executive directors, out of whom Four are independent directors, viz., Sri M.G.Todi, Sri Jyoti P. Tibrewala, Sri V.K.Rungta and Sri Biswajit Choudhuri. Sri. S.K.Khaitan, non-executive Chairman of the Board and Sri A.K.Kajaria non-executive Director related to Chairman of the Board. The Two Executive Directors include Sri Sunil K.Khaitan, Vice Chairman & Managing Director, Sri Sajjan Dabriwal, Dy. Managing Director, Five Board Meetings were held during the period from 1st April, 2009 to March 31,

2010 on the following dates:

June 30th, 2009; July 31st, 2009; October 31st, 2009; December 21st, 2009 and January 29th, 2010.

The attendance at Board Meetings and at the Last Annual General Meeting and the No. of Other Directorships and Committee Memberships/Chairmanships of Directors is given below:

Name of Directors	No. of Board meetings attended	Attendance at the last AGM (yes/no)	No. of Directorships in other Public Limited Companies	Committee Memberships in other Public Limited Companies (excluding Khaitan Electricals Ltd.)	Relationship Interse Directors
Sri S.K. Khaitan	5	Yes	5	5	Related to Sri Sunil K. Khaitan, Sri A. K. Kajaria and Sri Sajjan Dabriwal
Sri M.G. Todi	5	No	4	Nil	
Sri A.K. Kajaria	3	No	3	Nil	
Sri Jyoti P. Tibrewala	-	Yes	2	NIL	
Sri Sunil K. Khaitan	5	No	2	Nil	
Sri Sajjan Dabriwal	-	Yes	2	Nil	
Sri A. K. Bhattacharya *1	-	No	2	1	
Sri V.K. Rungta	5	No	1	-	
Sri Biswajit Choudhuri*2	-	-	11	10	

\*1 Sri A.K.Bhattacharya resigned from the Board w.e.f. 25.07.2009

\*2 Sri Biswajit Choudhuri was appointed as an additional Independent Director on 31.12.2009



### 3. Disclosure regarding appointment or reappointment of Directors

Given below are the abbreviated resumes of the Directors of Khaitan Electricals Ltd., seeking re-appointment.

- Sri Ajay K. Kajaria, 52, is a commerce graduate. He was a Director of the erstwhile Khaitan Electricals Limited, Kolkata for many years and his contribution to the growth of the Company is commendable. His other Directorships include Murlidhar Ratanlal Exports Ltd., Kajaria Yarns & Twines Ltd. and Lagan Engineering Co. Ltd. His shareholding in the company: 98 Nos.
- Sri Madan Gopal Todi, 70, is a qualified Chartered Accountant and law graduate. He was also a Director of the erstwhile Khaitan Electricals Limited, Kolkata for many years. The Company has immensely benefited from his rich industrial as well as professional experience. He is the founder Chairman of Coastal Roadways Ltd., His other Directorship include Coastal Roadways Ltd., Coastal Industrial Finance Ltd., Todi Sons Ltd., CRL Logistic Ltd. and Todi Services Ltd. He holds no share in the Company.
- Sri Sajjan Dabriwal, (42Years), is the Dy. Managing Director of the Company.

He is a Commerce Graduate having over 14 Years experience in the industry and business and over 11 Years experience in the fan industry. His other Directorships include Sajjan Commercial Enterprise Ltd. and Padma (India) Ltd. His shareholding in the Company 6660 Nos.

- Sri Biswajit Choudhuri (67 Years) has over 46 Years of rich experience in Engineering, Banking, Finance and Management. He is a graduate from IIT, Kharagpur in Mechanical Engineering. He is former Chairman and Managing Director of United Bank of India and Executive Director of UCO Bank. His Other Directorships include Aditya Birla Chemicals (India) Ltd, Bengal Sunny Rock Estates Housing Development Co. Ltd., Hindustan Engineering & Industries Ltd., Ludlow Jute & Specialities Ltd., Godawari Power and Ispat Ltd., R.V. Investment & Dealers Ltd., DIC India Ltd., R.R. Ispat Ltd., Space Matrix Ltd., Maithan Alloys Ltd. and NKG Infrastructure Ltd. He holds no share in the Company.

#### 4. Audit Committee

Your Company has an Audit Committee comprising three Non Executive and Independent Directors.

Sri M.G. Todi, Chairman of the Committee (Independent Director)

Sri Jyoti Prakash Tibrewala, Member (Independent Director)

Sri V.K. Rungta, Member (Independent Director).

Sri A.K. Bhattacharya resigned from Committee w.e.f. 25.07.2009.

Sri G.R. Choudhary, Chief Financial Officer & Secretary is the Secretary of the Committee.

The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

During the period under review, the Audit Committee held Four Meetings on June 30th, 2009; July 31st, 2009; October 31st, 2009 and January 28th, 2010.

The attendance at the Audit Committee Meetings is given below :

Name of Director	No. of Meetings Attended
Sri M.G. Todi	4
Sri Jyoti P. Tibrewala	-
Sri V. K. Rungta	4

#### 5(a). Directors' Remuneration Committee

Directors' Remuneration Committee was formed on May 8th, 2004 and reconstituted on 29th May, 2010. The Committee has been constituted to recommend/review the remuneration package of the Vice-Chairman/Whole-time Directors. During the year, the committee met once on June 30th, 2009.

The attendance at the Directors Remuneration Committee Meeting is given below :

Members	Meetings Attended
Sri M.G. Todi (Chairman of the Committee)	1
Sri S.K. Khaitan	1
Sri V.K. Rungta	1

#### Role of The Committee:

Determining and monitoring of the Company's policy and specific remuneration packages including pension rights and any compensation payment for Whole-time Directors.

#### 5(b). Remuneration of Directors:

The details of remuneration of the Directors during the period under review are as follows:

Name of the Directors	Salary and perquisites (Rs.)	Commission (Rs.)	Sitting fees (Rs.)	Total (Rs.)	Period of appointment & (notice period)
Sri S.K. Khaitan	-	-	25,000	25,000	-
Sri Sunil K. Khaitan	4,320,967	-	-	4,320,967	01.11.08 To 31.03.13 (Three Months)
Sri Jyoti P. Tibrewala	-	-	10,000	10,000	
Sri A.K. Kajaria	-	-	15,000	15,000	
Sri M.G. Todi	-	-	45,000	45,000	
Sri A.K. Bhattacharya *1	-	-	-	-	
Sri V.K. Rungta	-	-	50000	50,000	
Sri Biswajit Choudhuri *2	-	-	-	-	
Sri Sajjan Dabriwal	1,399,122	-	-	1,399,122	20.09.97 To 19.09.10 (Three Months).

\* 1. Sri A.K. Bhattacharya resigned from the Board w.e.f. 25.07.2009

\*2. Sri Biswajit Choudhuri was appointed as an Additional independent Director on 31.12.2009



## 6. Share Transfer Committee and Shareholders'/Investors' Grievance Committee

Your Company has Reconstituted the Share Transfer and Transmission Committee on 25th March, 2009 in view of changes in the Board. Share Transfer Committee now comprises Sri S.K. Khaitan, Sri Sunil K. Khaitan, Sri Jyoti P. Tibrewala and Sri Sajjan Dabriwal.

The Committee met 23 times during the period under review.

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

Your Company received 109 Nos. of Transfers/Transmission applications during the year and the above

applications were duly transferred and despatched subsequently within the stipulated period and no transfers are pending as on date. Your Company received 421 Nos. of D'mat applications during the year and the said D'mat applications were duly confirmed within the stipulated period and no D'mat cases are pending as on date.

Your Company also has a Shareholders'/Investors' Grievance Committee to review the Shareholders and Investors' Grievances.

The Committee met Twice on 14th September, 2009 and 29th March, 2010 during the period under review.

The Committee is Chaired by Sri Jyoti P. Tibrewala, a Non-executive Independent Director. The other member of the

Committee is Sri Sajjan Dabriwal, Deputy Managing Director. Sri P.S. Prabhakar, Chief Operating Officer is the Secretary and is also Compliance Officer of the Share Transfer Committee as well as the Shareholders'/Investors' Grievance Committee.

Your Company received 31 Nos. of Complaints from Shareholders relating to the non receipt of dividend, Exchange Certificates, Bonus Shares, Annual Report, Shares sent for transfers, and D'mat credit etc., The complaints were duly attended to and there were no complaints pending as on date.

## 7. General body meeting

AGM	Financial year	Location	Date	Time
33rd	2008-09	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004	19th September, 2009	11.00 A.M
32nd	2007-08	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004	16th September, 2008	11.00 A.M
31st	2006-07	Federation of A.P. Chambers and Commerce of Industry, Hyderabad – 500 004.	25th September, 2007	11.00 A.M

Special Resolution transacted at the Last Three Annual General Meetings held on

- SEPTEMBER 19th, 2009

Five Special Resolutions were passed at the 33rd Annual General Meeting held on September 19th, 2009 for modification of Remuneration of Whole Time Directors.

- SEPTEMBER 16th, 2008

One Special Resolution was passed

at the 32nd Annual General Meeting held on September 16th, 2008 for the number of the Directors of the Company shall not be less than three and amending the Articles of Association to stipulate that not more than sixteen.

- SEPTEMBER 25th, 2007

No Special Resolution was passed at the 31st Annual General Meeting held on September 25th, 2007.

All resolutions as set out in respective notices were duly passed by the shareholders.

No resolution requiring postal ballot has been placed for shareholders approval at the ensuing Annual General Meeting.

## 8. Disclosures

There were no transactions of material nature between the Company and its directors or Management and their relatives or promoters that may have a potential conflict with the interest of the Company. The Register of Contracts, containing transactions in which directors are interested is placed before the Board regularly.

There have been no instances of non-compliance by the Company on any matters related to capital markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchanges or SEBI or Statutory authority does not arise.

## 9. Means of communications

The annual, half-yearly and quarterly results are regularly submitted to Stock Exchanges in accordance with the Listing Agreement and normally published in the Business Standard, Financial Express and Andhra Bhoomi/Andhra Prabha.

During the year the Company has not

made any presentation to institutional investors or analysts.

The Management Discussion and Analysis Report form a part of Directors' Report.

## 10. General shareholders' information

### a. Annual General Meeting:

Date and time

16th September, 2010 at 11.00 A.M..

Venue

The Federation of A.P. Chambers of Commerce and Industry (FAPCCI)  
Premises - Surana Udyog Hall  
Federation House, 11-6-841, Red Hills  
HYDERABAD- 500 004

### b. Financial calendar (tentative)

- 1st quarter  
2nd week of August, 2010
- 2nd quarter/half-yearly  
2nd week of Nov, 2010
- 3rd quarter  
2nd week of Feb. 2011
- Audited results  
4th week of May,2011

### c. Dates of book closure

September 7th, 2010 to

September 16th, 2010

### d. Dividend payment

Not Applicable

### e. Stock exchange where listed and stock code

1. The Stock Exchange, Mumbai,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001  
(Stock Code: 504269)

2. National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor, Plot No.C/1  
G Block, Bandra Kurla Complex, Bandra  
(East), Mumbai - 400 051  
(Stock code: Khaitan Ele. EQ.)

Note: Delisting application still pending with CSE from December, 2004.

The listing fee for the year 2009-10 has been paid to BSE and NSE.

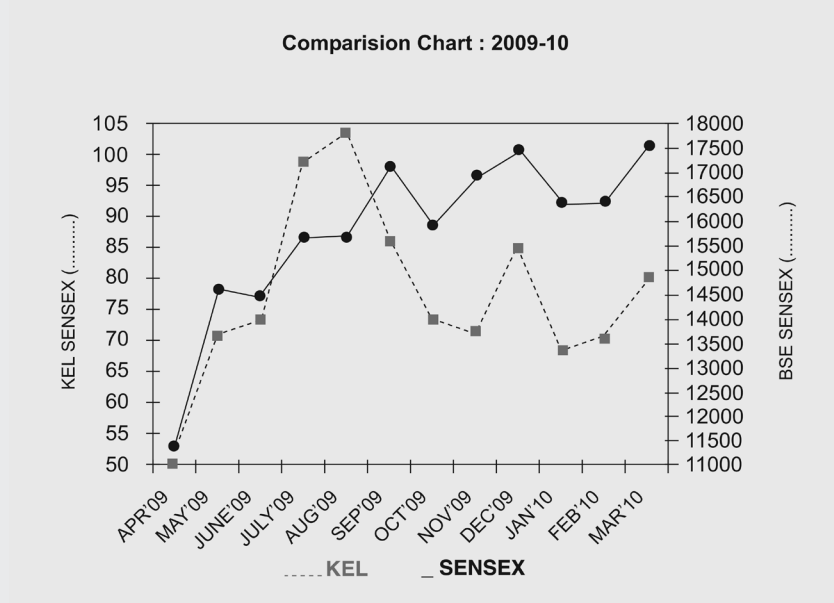
### f. ISIN allotted to Equity Shares

INE 761A01019

## g. Market price data

BSE	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	58.55	73.00	81.00	100.05	103.50	121.30	92.25	76.00	91.00	88.95	75.45	85.00
Low	47.45	49.00	65.00	63.95	82.40	86.00	71.40	69.00	62.40	68.15	66.15	70.00
Close	50.25	71.20	73.30	98.85	103.50	86.05	73.55	71.55	85.00	68.55	70.50	80.20
Monthly Turnover (Rs. in lacs)	28.29	216.66	60.55	100.43	37.78	190.16	21.05	5.02	55.84	41.66	7.08	78.93

## h. Stock performance index



**i. Depository Registrar and Share Transfer Agents** : M/s. CIL Securities Ltd.,  
214 Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001  
Phone nos. 040-23202465/23203155 • Fax no. 040-66661267

## j. Distribution of shareholdings as on 31st March, 2010

Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shares holding
Upto 500	20,380	97.25	18,65,330	16.22
501 to 1,000	338	1.61	2,37,797	2.07
1,001 to 2,000	120	0.58	1,75,236	1.53
2,001 to 3,000	27	0.13	69,318	0.60
3,001 to 4,000	7	0.03	25,668	0.22
4,001 to 5,000	8	0.04	38,453	0.33
5,001 to 10,000	25	0.12	1,75,623	1.53
10,001 and above	51	0.24	89,12,575	77.50
	20,956	100.00	1,15,00,000	100.00
Physical mode	14,182	67.68	32,05,344	27.88
Electronic mode	6,774	32.32	82,94,656	72.12

**k. Shareholding pattern as on 31st March, 2010**

Categories	No. of shares	%
Promoters' Holdings	52,74,706	45.87
Mutual Funds	26,493	0.23
Banks, Financial Institutions and Others	3,99,606	3.47
Private Corporate Bodies	24,67,593	21.46
Indian Public	33,27,916	28.94
NRI/OCBS	3,686	0.03
Total	1,15,00,000	100.00

**I. Plant Location**

Plot No.129,  
S.V. Co-op.Industrial Estate,  
IDA, Bollaram, 502 320  
Medak Dist. (A P.)  
  
P-10 Transport Depot Road  
Kolkata - 700 088. (W.B.)  
  
Plot No.14, Sector 6  
Faridabad - 121 006 (Haryana)

**m. Address for correspondence**

Shareholders' correspondence should be addressed to the Company's Share Transfer Agent at the address given in (i) above.

In case of any difficulty, shareholders may contact Sri A.V.S.G. Krishna Murthy, Senior Officer, Secretarial at the Company's Secretarial Department at A-13, Co-operative Industrial Estate,

Balanagar, Hyderabad - 500 037,  
Telephone nos: 23770640/01/02/03  
or by email at [hydfactory@khaitan.com](mailto:hydfactory@khaitan.com) /  
[hydcommercial@khaitan.com](mailto:hydcommercial@khaitan.com) or  
by fax: 040-2377 0646.

**n. CEO declaration on Code of Conduct**

Reproduced is the text of the declaration made by the Vice Chairman and Managing Director confirming compliance of Code of Conduct by all Directors and senior management personnel:

"This is to confirm that the Company has adopted a code of conduct for its employees and all Board Members. This code is available on the Company's website.

I confirm that the Company has in respect of the financial year ended

March 31st, 2010 received from the senior management personnel and the Board members, a declaration of compliance with the Code of Conduct."

Kolkata  
May 29, 2010

**Sunil K. Khaitan**  
*Vice Chairman &  
Managing Director*

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# Auditors' Certificate

on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

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To,

**The members of Khaitan Electricals Limited**

1. We have reviewed, the implementation of Corporate Governance procedures by Khaitan Electricals Limited during the period ended 31st March, 2010, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. 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.
3. 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 agreements with the Stock Exchanges have been complied with in all material respects by the Company.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that there are no investors' grievances unattended for a period exceeding one month against the Company as per the records maintained by the Company.

For **V.S. RAO & CO.**  
*Chartered Accountants*  
(Registration No. 003157S)

For **G.P. AGRAWAL & CO.**  
*Chartered Accountants*  
(Registration No. 302082E)

Kolkata  
29th May, 2010

**CA. V.G. Tarak Nath**  
*Partner*  
Membership No.23302

**CA. Sunita Kedia**  
*Partner*  
Membership No.60162



# Financial section



# Auditors' Report

To  
The Members of  
**Khaitan Electricals Limited**

We have audited the attached Balance Sheet of Khaitan Electricals Limited as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and the Cash Flow Statement for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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 purposes of audit;
- ii) 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;
- 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 Balance Sheet, Profit and 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 Act, to the extent applicable ;

- v) On the basis of written representations received from the Directors of the Company as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **V.S. Rao & Co.**  
Chartered Accountants  
(Registration No. 003157S)

For **G.P. Agrawal & Co.**  
Chartered Accountants  
(Registration No. 302082E)

**CA. V.G. Tarak Nath**  
Partner  
Membership No.23302

**CA. Sunita Kedia**  
Partner  
Membership No.60162

Kolkata  
May 29, 2010

## Annexure to the Auditors' Report (Referred to in our report of even date)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets were physically verified by the Management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification
- c) In our opinion, and according to the information and explanations given to us, no substantial part of fixed assets has been disposed of by the Company during the year.
- ii) a) Physical verification has been conducted by the management at reasonable intervals in respect of inventory of raw materials, stores and spare parts, stock-in-process and stock-in-trade in the Company's possession. The existence of stocks lying with third parties as at 31st March, 2010 has been substantially confirmed based on confirmations or statements of account received from such third parties. In our opinion, the frequency of physical verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed between the physical inventory as verified and the book records were not material.
- iii) a) The Company has given loan during the year to two companies covered in the register maintained under section 301 of the Act. The maximum amount outstanding at any time during the year including loan to one company brought forward from the previous year was Rs.811.50 lacs and the year end balance is Rs.Nil
- b) In our opinion, the rate of interest and other terms and conditions on which the loan has been given to the two companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- c) In respect of the said loans, the borrowers have been regular in the payment of the interest as stipulated. The principal amounts are repayable on demand and there is no repayment schedule. Accordingly paragraph 4 (iii)(c) of the Order is not applicable to the Company in respect of repayment of the principal amount.
- d) In respect of the said loans, there were no overdue amounts of more than rupees one lakh. Accordingly paragraph 4 (iii)(d) of the Order is not applicable.
- e) The Company has not taken any loan during the year from parties covered in the register maintained under section 301 of the Act. Consequently, the provisions of para (iii) (e),(f) and (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, 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 sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act, except where suitable alternative sources do not exist for obtaining comparable quotations, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- vii) In our opinion the existing internal audit system employed by the Company is commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1)(d) of the Act. We are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

- ix) a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
- b) The disputed statutory dues aggregating to Rs. 562.74 lakhs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount (Rs in lacs)	Period	Forum where dispute is pending
State Sales Tax/ Central Sales Tax	Sales Tax Penalty	251.47	1991-92, 1993-94 to 2007-08	AC, DC, Commissioner, Revision Board of Comm. Taxes, Tax Tribunal, High Court.
Central Excise Act	Central Excise Duty Penalty	7.37 225.89 0.20	2000-01 2001-02 2007-08 2007-08	Tribunal Delhi Tribunal Delhi Commissioner of Central Excise
Urban Development Act	Extension Fee	71.03	1981 - 2002	Administration of Haryana Development Authority.
ESI	ESI Contribution	6.78	1994-95	ESI Court
<b>Total</b>		<b>562.74</b>		

- x) The Company does not have any accumulated losses as at 31st March 2010 and has not incurred cash losses during the current year. The company has incurred cash losses in the immediately preceding year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company did not have any outstanding debentures during the year.
- xii) Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
- xiii) As explained to us, the provisions of any special statute applicable to chit fund, nidhi, mutual benefit fund or society are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. However, the Company has made investment in shares in respect of which proper records have been maintained of the transaction and contracts and timely entries have been made therein, and the shares hold by the Company, in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions.
- xvi) According to the information and explanations given to us, the Company has not taken any term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term purposes.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- xix) There are no debentures issued and outstanding at the year end.
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **V.S. Rao & Co.**  
Chartered Accountants  
(Registration No. 003157S)

For **G.P. Agrawal & Co.**  
Chartered Accountants  
(Registration No. 302082E)

**CA. V.G. Tarak Nath**  
Partner  
Membership No.23302

**CA. Sunita Kedia**  
Partner  
Membership No.60162

Kolkata  
May 29, 2010

# Balance Sheet

As at 31st March, 2010

(Amount in Rupees)

	Schedule	As at 31.03.2010	As at 31.03.2009
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>	1		
a. Share Capital		115,000,000	115,000,000
c. Reserves & Surplus		1,032,400,762	996,477,477
		<b>1,147,400,762</b>	<b>1,111,477,477</b>
<b>2. Loan Funds</b>	2		
a. Secured Loans		1,324,536,916	1,120,717,749
b. Unsecured Loans		347,438,256	233,093,248
		<b>1,671,975,172</b>	<b>1,353,810,997</b>
<b>3. Deferred Tax Liability (Net)</b> (Refer Note 17 of Schedule 12)		13,725,233	-
<b>Total Funds Employed</b>		<b>2,833,101,167</b>	<b>2,465,288,474</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	3		
a. Gross Block		388,466,667	354,717,335
b. Less : Depreciation		148,826,564	135,188,970
c. Net Block		239,640,103	219,528,365
d. Capital Work-in-Progress		6,446,447	6,131,550
		<b>246,086,550</b>	<b>225,659,915</b>
<b>2. Investments</b>	4	<b>63,756,000</b>	<b>63,756,000</b>
<b>3. Deferred Tax Assets (Net)</b> (Refer Note 17 of Schedule 12)		-	2,391,575
<b>4. Current Assets, Loans &amp; Advances</b>	5		
a. Inventories		1,499,655,608	1,137,415,151
b. Sundry Debtors		1,783,162,857	1,642,470,866
c. Cash and Bank Balances		184,043,167	108,479,377
d. Other Current Assets		7,163,120	11,678,499
e. Loans and Advances		360,488,968	377,063,124
		<b>3,834,513,720</b>	<b>3,277,107,017</b>
<b>5. Less : Current Liabilities &amp; Provisions</b>	6		
a. Current Liabilities		1,303,305,003	1,098,267,278
b. Provisions		7,950,100	5,724,737
		<b>1,311,255,103</b>	<b>1,103,992,015</b>
Net Current Assets		<b>2,523,258,617</b>	<b>2,173,115,002</b>
<b>6. Miscellaneous Expenditure</b> (to the extent not written-off/adjusted)			
Deferred Revenue Expenses		-	365,982
<b>Total Assets</b>		<b>2,833,101,167</b>	<b>2,465,288,474</b>
Significant Accounting Policies & Notes on Accounts	12		

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **V.S. Rao & Co.**  
Chartered Accountants  
(Registration No. 003157S)

For **G.P. Agrawal & Co.**  
Chartered Accountants  
(Registration No. 302082E)

**S.K. Khaitan**  
Chairman

**Ajay Kajaria**  
Director

**Biswajit Choudhuri**  
Director

**G.R. Choudhary**  
Chief Financial Officer  
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**Sunil K. Khaitan**  
Vice Chairman &  
Managing Director

**M.G. Todi**  
Director

**V.K. Rungta**  
Director

Kolkata  
29th May, 2010

# Profit and Loss Account

For the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
<b>INCOME</b>			
Sales	7	3,723,110,816	2,974,159,121
Less: Excise Duty		153,783,745	126,745,746
Net Sales		3,569,327,071	2,847,413,375
Other Income	8	10,394,239	8,580,856
		<b>3,579,721,310</b>	<b>2,855,994,231</b>
<b>EXPENDITURE</b>			
Materials Consumed	9	1,240,195,112	993,425,164
Purchase of Trading Goods		1,344,447,242	987,605,752
Manufacturing & Other Expenses	10	1,213,917,516	962,515,242
(Accretion) / Decretion to Stock-in-Process and Stock-in-Trade	11	(291,577,452)	(133,471,039)
		<b>3,506,982,418</b>	<b>2,810,075,119</b>
<b>Profit before Depreciation and Tax</b>		<b>72,738,892</b>	<b>45,919,112</b>
Depreciation		(16,523,782)	(17,389,368)
<b>Profit before Exceptional Item and Tax</b>		<b>56,215,110</b>	<b>28,529,744</b>
Exceptional Item (Refer Note 2 of Schedule 12)		-	(90,212,653)
<b>Profit / (Loss) Before Tax</b>		<b>56,215,110</b>	<b>(61,682,909)</b>
Provision for Taxation			
For Current year – Income Tax		(10,000,000)	-
- Fringe Benefit Tax		-	(4,221,676)
- Deferred Tax		(16,116,808)	17,809,058
- MAT Credit Entitlement		5,500,000	-
For Earlier years – Income Tax		324,983	302,410
		(20,291,825)	13,889,792
<b>Profit / (Loss) after Tax</b>		<b>35,923,285</b>	<b>(47,793,117)</b>
Balance brought forward from previous year		7,308,100	55,101,217
<b>Profit available for Appropriation</b>		<b>43,231,385</b>	<b>7,308,100</b>
<b>APPROPRIATIONS</b>			
Balance Carried forward to next year		43,231,385	7,308,100
		<b>43,231,385</b>	<b>7,308,100</b>
Significant Accounting Policies & Notes on Accounts	12		
Basic / Diluted Earning per Share of Rs.10/- each (Rs.) (Refer Note 18 of schedule 12)		3.12	(4.16)

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For **V.S. Rao & Co.**  
Chartered Accountants  
(Registration No. 003157S)

For **G.P. Agrawal & Co.**  
Chartered Accountants  
(Registration No. 302082E)

**S.K. Khaitan**  
Chairman

**Ajay Kajaria**  
Director

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Director

Kolkata  
29th May, 2010

# Cash Flow Statement

(Amount in Rupees)

	Year ended 31.03.2010	Year ended 31.03.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Exceptional Item	56,215,110	28,529,745
<b>Adjustments for</b>		
Depreciation	16,523,782	17,389,367
(Profit)/Loss on Sale/Discarded Assets Written off	401,004	1,910,688
Provision for Doubtful Debts	2,905,126	4,607,968
Liability no Longer required written back	(321,369)	(18,802)
Interest Charged to Profit and Loss Account	118,865,746	36,254,109
Amortization of Deferred Revenue Expenses	365,982	1,463,933
Provision for Liabilities (Net )	2,516,663	(1,937,656)
Operating Profit Before Working Capital Changes	197,472,044	88,199,352
<b>Adjustments for</b>		
Trade and Receivables	(147,455,306)	122,580,449
Inventories	(362,240,457)	(48,904,658)
Trade Payables and other Liabilities	205,359,094	(138,929,779)
Cash Generated from Operations	(106,864,625)	22,945,364
Direct Taxes Paid	(4,155,647)	(11,541,320)
Cash Flow Before Exceptional Item	(111,020,272)	11,404,044
Exceptional Item - Loss by Fire	-	(90,212,653)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>(111,020,272)</b>	<b>(78,808,609)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to Fixed Assets	(48,359,393)	(27,836,589)
Sale of Fixed Assets	11,007,972	2,770,547
Inter-Corporate Deposits	18,834,829	57,411,483
Interest Received	71,860,517	119,252,605
<b>Net Cash From Investing Activities (B)</b>	<b>53,343,925</b>	<b>151,598,046</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Increase/(Decrease) in Cash Credit Facility and Other Short Term Loans	318,164,175	94,189,178
Interest Paid	(191,545,103)	(155,389,744)
Dividend Paid	-	(23,000,000)
<b>Net Cash From Financial Activities (C)</b>	<b>126,619,072</b>	<b>(84,200,566)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>68,942,725</b>	<b>(11,411,129)</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>75,707,326</b>	<b>87,118,455</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>144,650,051</b>	<b>75,707,326</b>

Note: (i) Figures in Brackets represent Outflows.

(ii) The Cash Flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

(iii) Cash and Cash Equivalents include :

Cash Balances	379,106	630,615
Bank Balances	144,270,945	75,076,711
	<b>144,650,051</b>	<b>75,707,326</b>

(iv) Reconciliation of items of Cash & Cash Equivalents as disclosed in Cash Flow Statement with the equivalent items as reported in the Balance Sheet.

Cash & Cash Equivalents as per Cash Flow Statement	144,650,051	75,707,326
Add : Items not considered as an item of Cash & Cash Equivalents in Cash Flow Statement		
a) Bank Balance in Fixed Deposit Account	34,930,800	27,845,908
b) Bank Balance in Unpaid Dividend Account	4,462,316	4,926,143
Cash & Bank Balance as reported in Balance Sheet	<b>184,043,167</b>	<b>108,479,377</b>

(v) Trade and other Receivables include balances aggregate to Rs.44.62 lacs (Previous Year Rs.49.26 lacs) with scheduled Banks on Current Account in respect of un-paid Dividend which are not available for use by the Company.

(vi) Previous year figures have been restated wherever necessary.

In terms of our report of even date

For **V.S. Rao & Co.**  
Chartered Accountants  
(Registration No. 003157S)

For **G.P. Agrawal & Co.**  
Chartered Accountants  
(Registration No. 302082E)

**S.K. Khaitan**  
Chairman

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Director

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Director

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Vice Chairman &  
Managing Director

**M.G. Todi**  
Director

**V.K. Rungta**  
Director

Kolkata



## Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2010		As at 31.03.2009
<b>Schedule – 1 SHAREHOLDERS' FUNDS</b>			
<b>a. Share Capital</b>			
<b>Authorised</b>			
16,750,000 Equity Shares of Rs.10/- each	167,500,000		167,500,000
75,000 Preference Shares of Rs.100/- each	7,500,000		7,500,000
	<b>175,000,000</b>		<b>175,000,000</b>
<b>Issued</b>			
11,595,350 Equity Shares of Rs.10/- each	115,953,500		115,953,500
<b>Subscribed and Paid-up</b>			
11,500,000 Equity Shares of Rs.10/- each Fully Paid-up	115,000,000		115,000,000
	<b>115,000,000</b>		<b>115,000,000</b>
<b>Of the above Equity Shares</b>			
a) 30,20,000 Shares were allotted as Bonus Shares by capitalisation of General Reserve.			
b) 28,06,050 Shares were allotted pursuant to Scheme of Amalgamation without payment being received in cash.			
<b>b. Reserves &amp; Surplus</b>			
<b>Reserves</b>			
<b>i. Capital Reserve</b>			
As per Last Account	2,620,000	-	
Add: Share warrants Application Money Forfeited	-	2,620,000	-
	2,620,000		2,620,000
<b>ii. Securities Premium Account</b>			
As per Last Account	485,636,700		485,636,700
<b>iii. General Reserve</b>			
As per Last Account	500,912,677		500,912,677
<b>Surplus</b>			
iv. Balance in Profit and Loss Account	43,231,385		7,308,100
	<b>1,032,400,762</b>		<b>996,477,477</b>

# Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>Schedule - 2 LOAN FUNDS</b>		
<b>a. Secured Loans</b>		
From Scheduled Banks		
a. Cash Credit		
i) Rupee Loan	860,877,029	949,077,447
ii) FCNRR Loan	320,617,730	91,998,680
iii) Working Capital Term Loan	38,832,059	67,919,664
b. Buyer's Credit	71,651,497	-
c. Term Loan	4,407,038	8,426,265
d. Vehicle Loan	90,368	978,524
From Others - Term Loan		
a. Against Keyman Insurance Policy	26,000,000	-
b. Against Immovable Property	2,061,195	2,317,169
	<b>1,324,536,916</b>	<b>1,120,717,749</b>
<b>Notes:</b>		
i. Cash Credit Rs. 10172.55 Lacs from Scheduled Banks are secured by hypothecation of Raw Materials, Stock-in-Process, Stock-in-Trade and Book Debts and further collaterally secured by pari-passu charge on all Fixed Assets of Hyderabad, Faridabad, Kolkata and Paonta Sahib factories.		
ii. Cash Credit Rs. 2030.72 Lacs from Scheduled Bank is Secured against Immovable Property owned by The Oriental Mercantile Company Ltd. and is also secured by personal guarantee of Vice-Chairman & Mg. Director of the Company.		
iii. Term Loan from Bank is secured against Noida property of the Company.		
<b>b. Unsecured Loans</b>		
a. Short term Loan From		
i) Others	-	26,000,000
iii) Bodies Corporate	178,115,020	76,496,284
b. Interest-free Sales Tax Loan	672,714	1,602,847
c. Security Deposits	168,650,522	128,994,117
	<b>347,438,256</b>	<b>233,093,248</b>

## Schedule - 3 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Cost as at 1st April, 2009	Additions	Disposals	Cost as at 31st March, 2010	Up to 31st March, 2009	For the Year	Adjustments	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009	
Freehold Land	66,928,270	6,455,925	724,141	72,660,054	-	-	-	-	72,660,054	66,928,270	
Land (Leasehold)	10,259,560	-	-	10,259,560	1,165,960	116,596	-	1,282,556	8,977,004	9,093,600	
Buildings	49,108,728	-	231,320	48,877,408	22,225,964	1,408,762	35,699	23,599,027	25,278,381	26,882,764	
Building (on Leasehold Land)	20,956,622	-	-	20,956,622	7,807,931	699,951	-	8,507,882	12,448,740	13,148,691	
Plant & Machinery	128,479,815	28,347,696	8,516,524	148,310,987	75,952,886	7,211,983	1,144,795	82,020,074	66,290,913	52,526,929	
Plant & Machinery (Leased)	2,598,000	-	-	2,598,000	1,820,198	192,772	-	2,012,970	585,030	777,802	
Office Equipment	52,642,895	9,726,598	3,276,234	59,093,259	18,321,310	4,033,508	1,282,359	21,072,459	38,020,800	34,321,585	
Computer-Software* (Intangible Assets)	7,008,301	2,210,837	794,340	8,424,798	3,254,935	1,442,562	98,040	4,599,457	3,825,341	3,753,366	
Vehicles	16,735,144	1,303,440	752,605	17,285,979	4,639,786	1,417,648	325,295	5,732,139	11,553,840	12,095,358	
<b>Total</b>	<b>354,717,335</b>	<b>48,044,496</b>	<b>14,295,164</b>	<b>388,466,667</b>	<b>135,188,970</b>	<b>16,523,782</b>	<b>2,886,188</b>	<b>148,826,564</b>	<b>239,640,103</b>	<b>219,528,365</b>	
Capital Work-in-Progress	6,131,550	314,897	-	6,446,447	-	-	-	-	6,446,447	6,131,550	
<b>Total this year</b>	<b>360,848,885</b>	<b>48,359,393</b>	<b>14,295,164</b>	<b>394,913,114</b>	<b>135,188,970</b>	<b>16,523,782</b>	<b>2,886,188</b>	<b>148,826,564</b>	<b>246,086,550</b>	<b>225,659,915</b>	
<b>Total previous year</b>	<b>343,065,647</b>	<b>27,836,589</b>	<b>10,053,351</b>	<b>360,848,885</b>	<b>123,171,719</b>	<b>17,389,368</b>	<b>5,372,117</b>	<b>135,188,970</b>	<b>225,659,915</b>	<b>-</b>	

\* Acquired

Note : Freehold land includes 23 Equity Shares of Rs. 1,000/- each of the Co-operative Industrial Estate Ltd.

## Schedules forming part of the Balance Sheet

Schedule - 4 INVESTMENTS			(Amount in Rupees)	
Number	Face Value Rs.	Description	As at 31.03.2010	As at 31.03.2009
		Long Term Investments at Cost (Other than Trade) In Equity Shares of Joint Stock Companies: Fully Paid, Unquoted:		
945,000 (945,000)	10	Khaitan Lefin Limited	56,700,000	56,700,000
75,000 (75,000)	10	Khaitan Hotels Private Limited	4,500,000	4,500,000
55,000 (55,000)	10	The Oriental Mercantile Co. Limited	3,300,000	3,300,000
			<b>64,500,000</b>	<b>64,500,000</b>
		Less : Provision for diminution in value of Investments	744,000	744,000
		<b>Total</b>	<b>63,756,000</b>	<b>63,756,000</b>

Schedule - 5 CURRENT ASSETS, LOANS & ADVANCES				
<b>a. Inventories (As Certified by the Management)</b>				
i.	Raw Materials		223,603,598	162,917,828
ii.	Stock-in-Process		167,501,102	106,890,071
iii.	Stock-in-Trade			
	Manufactured Goods		433,887,409	337,260,972
	Trading Goods		656,708,901	515,597,788
iv.	Loose Tools		568,823	1,269,007
v.	Goods-in-Transit		17,385,775	13,479,485
			<b>1,499,655,608</b>	<b>1,137,415,151</b>
<b>b. Sundry Debtors (Unsecured)</b>				
i.	Debts outstanding for a period exceeding six months			
	Considered Good		297,172,911	355,924,392
	Considered Doubtful		15,121,701	12,916,575
			312,294,612	368,840,967
	Less : Provision for Doubtful Debts		15,121,701	12,916,575
			297,172,911	355,924,392
ii.	Other Debts - Considered Good		1,485,989,946	1,286,546,474
			<b>1,783,162,857</b>	<b>1,642,470,866</b>
<b>c. Cash and Bank Balances</b>				
i.	Cash in Hand (As Certified by the Management)		379,106	630,615
ii.	Balances with Scheduled Banks			
	On Current Account		144,270,945	75,076,711
	On Fixed Deposit Account (Pledged with Scheduled Banks)		34,930,800	27,845,908
	On Unpaid Dividend Account		4,462,316	4,926,143
			<b>184,043,167</b>	<b>108,479,377</b>

## Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>Schedule – 5 CURRENT ASSETS, LOANS &amp; ADVANCES (CONTD.)</b>		
<b>d. Other Current Assets (Unsecured)</b>		
i. Interest Accrued on Deposits	1,860,265	1,041,425
ii. Accrued Income	3,132,111	7,844,024
iii. Claims Receivable		
Considered Good	2,170,744	2,793,050
Considered Doubtful	236,000	236,000
	2,406,744	3,029,050
Less : Provision for Doubtful Other Current Assets	236,000	236,000
	2,170,744	2,793,050
	<b>7,163,120</b>	<b>11,678,499</b>
<b>e. Loans and Advances (Unsecured, considered good)</b>		
i. Loans	210,331,879	229,166,708
ii. Advances recoverable in cash or in kind or for value to be received		
Considered Good	106,343,525	96,938,769
Considered Doubtful	700,000	-
	107,043,525	96,938,769
Less : Provision for Doubtful Advances	700,000	-
	105,643,525	96,938,769
iii. Advance Income- Tax (Net of Provision)	6,691,357	12,502,027
iv. MAT Credit Entitlement	5,500,000	-
v. Advance to Gratuity Fund	2,353,127	2,206,311
vi. Balances with Government Departments	15,579,171	20,113,327
vii. Deposits	14,389,909	16,135,982
	360,488,968	377,033,124
	<b>3,834,513,720</b>	<b>3,277,107,017</b>

<b>Schedule – 6 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a. Current Liabilities</b>		
i. Acceptances	386,299,376	350,338,435
ii. Sundry Creditors		
Dues to Micro, Small & Medium Enterprises	-	-
Dues to Others	684,941,306	519,185,228
iii. Accrued Expenses and Other Liabilities (Refer Note 6 of Schedule 12)	177,347,399	153,672,440
iv. Investor's Education & Protection Fund ( Not due as at 31.03.2010)		
Unpaid Dividend	4,462,316	4,926,143
v. Interest Accrued but not due	785,985	468,998
vi. Advances from Customers	49,468,621	69,676,034
	<b>1,303,305,003</b>	<b>1,098,267,278</b>
<b>b. Provisions</b>		
i. For Fringe Benefit Tax (Net of Payments)	237,013	528,313
ii. For Warranty Claims	6,732,606	3,902,250
iii. For Leave Encashment	980,481	1,294,174
	7,950,100	5,724,737
	<b>1,311,255,103</b>	<b>1,103,992,015</b>

## Schedules forming part of the Profit & Loss Account

(Amount in Rupees)

	2009-2010	2008-2009
<b>Schedule - 7 SALES</b>		
Sales of Manufactured & Trading Goods	3,668,830,484	2,937,487,863
Miscellaneous Sales	54,280,332	36,671,258
	<b>3,723,110,816</b>	<b>2,974,159,121</b>
<b>Schedule - 8 OTHER INCOME</b>		
Miscellaneous Income	10,334,239	8,520,856
Income from Lease	60,000	60,000
	<b>10,394,239</b>	<b>8,580,856</b>
<b>Schedule - 9 MATERIALS CONSUMED</b>		
Stock at Commencement	162,917,828	191,458,944
Less: Lost by Fire	-	42,436,287
	162,917,828	149,022,657
Purchases	1,300,880,882	1,007,320,335
	1,463,798,710	1,156,342,992
Less: Stock at Close	223,603,598	162,917,828
	<b>1,240,195,112</b>	<b>993,425,164</b>
<b>Schedule - 10 MANUFACTURING &amp; OTHER EXPENSES</b>		
<b>A. Remuneration to Employees</b>		
Salaries, Wages, Bonus etc.	159,510,645	147,864,709
Contribution to Provident & Other Funds	9,993,647	9,924,643
Workmen and Staff Welfare Expenses	6,523,582	6,219,698
	<b>176,027,874</b>	<b>164,009,050</b>
<b>B. Manufacturing Expenses</b>		
Fabrication Charges	218,873,847	140,926,650
Royalty	49,298,925	37,622,731
Power, Fuel and Water Charges	6,037,674	6,419,521
Consumable Stores and Tools	5,105,770	4,348,525
Repairs		
Buildings	2,040,396	2,833,641
Plant & Machinery	2,558,784	1,846,699
Others	3,694,262	2,692,793
	<b>287,609,658</b>	<b>196,690,560</b>
<b>C. Financial Expenses</b>		
Interest (Net)	118,865,746	36,254,109
Bank Charges	25,976,230	17,412,023
Forward Cover Charges	10,492,708	5,448,662
	<b>155,334,684</b>	<b>59,114,794</b>
<b>D. Administrative Expenses</b>		
Rent (Net)	18,484,103	24,540,756
Rates & Taxes	1,725,911	1,230,323
Insurance	8,167,016	7,646,641
Travelling & Conveyance	42,632,090	45,802,735
Other Expenses	46,638,032	62,999,091
	<b>117,647,152</b>	<b>142,219,546</b>

## Schedules forming part of the Profit & Loss Account

(Amount in Rupees)

Schedule - 10 MANUFACTURING & OTHER EXPENSES (CONTD.)	2009-2010	2008-2009
<b>E. Selling Expenses</b>		
Advertisement and Publicity expenses	59,592,217	59,545,257
Carriage Outward	102,208,501	93,810,996
Commission	31,968,279	22,995,134
Schemes & Incentives on Sales	216,028,229	176,573,228
Cash Discount	24,514,990	14,847,571
Other Expenses	40,146,254	29,913,617
Sales Tax and Octroi	2,839,678	2,795,489
	<b>477,298,148</b>	<b>400,481,292</b>
<b>Total</b>	<b>1,213,917,516</b>	<b>962,515,242</b>

Schedule - 11 (ACCRETION)/DECRETION TO STOCK-IN-PROCESS AND STOCK-IN-TRADE		
<b>Stock at Commencement</b>		
Stock-in-Process	106,890,071	104,571,310
Stock-in-Trade	852,858,761	768,955,667
	959,748,832	873,526,977
Less: Lost by Fire (Stock-in-Trade)	-	42,828,246
Lost by Fire (Stock-in-Process)	-	755,342
	959,748,832	829,943,389
<b>Less: Stock at Close</b>		
Stock-in-Process	167,501,102	106,890,071
Stock-in-Trade	1,090,596,310	852,858,761
	1,258,097,412	959,748,832
	<b>(298,348,580)</b>	<b>(129,805,443)</b>
<b>(Add)/Less: (Increase)/Decrease in Excise Duty &amp; Cess on Opening &amp; Closing Stock-in-Trade</b>	<b>6,771,128</b>	<b>(3,665,596)</b>
	<b>(291,577,452)</b>	<b>(133,471,039)</b>



# Schedules forming part of the Accounts

## Schedule – 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

- a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) The Company generally follows accrual system of accounting and recognises significant items of income and expenditure on accrual basis.

#### 2. Fixed Assets

- a) Fixed Assets are stated at their original cost of acquisition including all related expenses of acquisition and installation.
- b) Depreciation is provided from the month the assets are put to use on Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- c) Leasehold land is amortised, over the period of lease. Computer Software acquired is to be amortised over a period of five years on Straight Line Basis.

#### 3. Inventories

- a) Inventories (other than scrap) are valued at lower of cost or net realisable value.  
The cost of inventories is computed on weighted average basis except Trading goods the cost for which is calculated on first in first out basis. The cost of Finished Goods and Stock-in-Process include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
- b) Scrap is valued at net realisable value.

#### 4. Investments

Long Term Investments are carried at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments, scrip wise. Current Investments are valued at lower of cost or fair value, category wise. Cost of investments include acquisition cost such as brokerage, stamp duty etc.

#### 5. Sales

- a) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.
- b) Sales is inclusive of Excise Duty and net of Sales Tax and Trade Discount.

#### 6. Employee benefits

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits are recognized as an expense in the Profit & Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined as per actuarial valuations. Actuarial gains and losses in respect of post employment and long term employee benefits are recognized in the Profit and Loss account.

#### 7. Research & Development

Revenue expenditure pertaining to research and development is charged to revenue in the year in which it is incurred. Capital Expenditure on Research & Development is shown as addition to Fixed Assets.

#### 8. Foreign Currency Transactions

- a) Transactions in Foreign Currency are initially recorded at the Exchange Rate at which the transactions are carried out.
- b) Monetary items are translated at Exchange Rate prevailing at the year-end.  
The difference in translation of monetary items and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.
- c) Forward exchange contracts entered into for hedging purposes are accounted for separately from the underlying transactions. The premium or discount on forward exchange contract is amortized over the period of the respective contract.

#### 9. Insurance Claims

Insurance claims are recognized upon settlement of the claims.

#### 10. Deferred Revenue Expenditure

Payment to employees under employees separation scheme are amortized equally over a period of five years.

#### 11. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

Contingent liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

Contingent assets are not recognized in the Accounts.

# Schedules forming part of the Accounts

## Schedule – 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

### 12. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, on timing difference, 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.

### 13. Government Grant

Government Grant received on Capital Account is shown as Capital Reserve.

### 14. Impairment Of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## B. NOTES ON ACCOUNTS

### 1. Contingent Liabilities not provided for in respect of

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
a. Claims not acknowledged as debts :-		
i) Central Excise Duty under appeal Amount deposited against above	23,751,493 (405,687)	736,529 -
ii) Sales Tax under appeal Amount deposited against above	39,445,730 (14,298,653)	22,015,936 (7,752,351)
iii) Employees State Insurance Amount deposited against above	711,216 (33,033)	711,216 (33,033)
iv) Urban Development Act under Appeal	7,103,310	7,103,310
b. Guarantees issued by the Bank on behalf of the Company and counter guarantees given by the Company	1,221,887	12,486,435
c. The Company has entered into a sub-lease Agreement on 19/10/1985 for Kolkata Factory premises with M/s P.C.Syam & Co., the lessee with the consent of Kolkata Port Trust (KPT), the lessor. The lease which expired in April, 1987 is yet to be renewed by the lessor. The KPT has issued a notice for eviction of the premises against which the lessee has filed a case in the Hon'ble High Court at Kolkata. The Company has also filed a case at the Hon'ble High Court at Kolkata.		

2. a) Cash Credit – Rupee Loan include interest accrued and due Rs. 163,362 (Previous year Rs. Nil).  
b) Foreign Currency Loan include interest accrued and due Rs. Nil (Previous year Rs. 158,133).
3. Capital contracts remaining to be executed and not provided for Rs. 10,247,940 (Previous year 14,911,393).
4. Balances outstanding with Debtors and Creditors are subject to confirmation.
5. Advance Income Tax is net of Provision for Income Tax Rs. 5,35,00,000 (Previous year Rs. 4,35,00,000).
6. Accrued Expenses and Other Liabilities include due to Directors Rs. 68,600 (Previous year Rs. 105,972).
7. Provisions, Contingent Liabilities & Contingent Assets as per AS-29:

#### a. Movement in provision for warranty claims :

(Amount in Rupees)

Particulars	2009-2010	2008-2009
Opening Balance	3,902,250	6,036,514
Provided during the year	31,413,085	15,174,060
Expensed/used during the year	(28,582,729)	17,308,324
Closing Balance	6,732,606	3,902,250
Timing of outflow/uncertainties	Outflow on repairing / replacement of fans	

- b. The Contingent liabilities and liabilities mentioned at Notes 1 & 7(a) respectively are dependent upon disposal of appeals/ payment by customers for bills discounted/fans sent by customers for replacement etc.,
- c. No reimbursement is expected in the case of Contingent Liabilities and liabilities shown under Notes 1 & 7(a).
- d. There are no Contingent Assets.

## Schedules forming part of the Accounts

### Schedule - 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

8. Salaries, Wages, Bonus etc. include Rs. 365,982 (Previous Year Rs. 1,463,933) amortised towards 'Employees Separation Scheme' framed for the workers of Faridabad unit. The un-amortized amount of Deferred Revenue Expenditure in respect of 'Employees Separation Scheme' as on 31st March, 2010 amounts to Rs. Nil (Previous Year Rs. 365,982).
9. Miscellaneous Income include Export Incentives Rs. 3,902,670 (Previous year Rs. 5,944,700), Sundry Balances Written Back Rs. 643,087 ( Previous year Rs. Nil) , Liabilities no longer required written back Rs. 148,403 ( Previous year Rs. 18,802). Foreign Exchange Fluctuation Rs. 4,649,466 (Previous Year Rs. Nil).
10. Rent (net) includes Rent received (gross) Rs. 1,915,902 (Previous year Rs. 2,051,976), Tax deducted at Source Rs. 193,339 (Previous year Rs. 285,248)
11. Interest includes interest on Fixed Loans Rs. 30,217,002 (Previous year Rs. 15,369,488). Interest is net of gross interest received Rs. 71,860,517 (Previous year Rs. 119,252,605) , Tax Deducted at Source is Rs. 3,505,258 (Previous year Rs. 9,742,162).
12. i) Administrative Other Expenses include - (Amount in Rupees)

	2009-2010	2008-2009
(a) Auditors' Remuneration and Expenses		
i) Audit Fees	215,000	220,000
ii) Tax Audit Fees	50,000	53,000
iii) Fees for Other Services	97,417	119,521
iv) Branch Auditors' Fees	100,500	142,500
v) Reimbursement of Out-of-Pocket Expenses	27,236	30,855
(b) Expenses pertaining to Previous year *	7,331	825,374
(c) Research & Development Expenses	1607,517	456,827
(d) Foreign Exchange Fluctuation	–	1,476,259
(e) Sundry Balances & Claims Written-off	–	789,700
(f) Provision for Doubtful Debts	2,905,125	4,607,968
(g) Loss on sale/Fire/Discard of Fixed Assets	401,004	1,910,687

\*[ Local Conveyance Rs. 1,148 (Previous year Rs. 7,812), Printing & Stationary Rs. 3,142 (Previous year Rs. 4,692), Telephone Expenses Rs. 1,909, (Previous year Rs. 10,954), General Charges Rs. 1,132 (Previous year Rs. 5,000), Legal & Professional Charges Rs. Nil ( Previous year Rs. 7000) & Sales Tax for earlier years Rs. Nil (Previous year Rs. 789,916).

- ii) Selling Other Expenses include After Sales Service expenses Rs. 28,582,729 (Previous year Rs. 17,308,324).

13. Managerial Remuneration (Debited to respective expense account)

(Amount in Rupees)

	2009-2010	2008-2009
Salaries and Allowances	4,296,000	5,538,000
Perquisites	977,689	1,357,653
Contribution to Provident Fund	446,400	543,600
	<b>5,720,089</b>	<b>7,439,253</b>

Note: Managerial Remuneration excludes contributions to employees' retirement benefits schemes.

## Schedules forming part of the Accounts

### Schedule - 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

14. Company operates predominantly only in one business segment, viz., Electrical Goods, which is the Primary Segment. Therefore, Segment Reporting under AS-17 is not applicable.

15. Related Party Disclosure (as identified by the Management) as per Accounting Standard 18 are given below:

i) Details of transactions with Related Parties:

(Amount in Rupees)

Nature of Transactions	Associates (A)	Key Management Personnel (KMP)	Relatives of Key Management Personnel (R)	Other related Parties (ORP)	Total
Sale of goods	- (13,445,020)	- (-)	- (-)	- (-)	- (13,445,020)
Receiving of Service (Inclusive of Remuneration)	- (-)	5,720,089 (7,439,253)	391,715 (3,134,606)	- (3,407,009)	6,111,804 (13,980,868)
Licence Agreement (Royalty Payment)	49,298,925 (37,622,731)	- (-)	- (-)	- (-)	49,298,925 (37,622,731)
Lease income	60,000 (60,000)	- (-)	- (-)	- (-)	60,000 (60,000)
Interest Receipt	16,366,546 (23,893,633)	- (-)	- (-)	- (-)	16,366,546 (23,893,633)
Interest Payment	6,855,138 (6,807,642)	- (-)	- (-)	- (-)	6,855,138 (6,807,642)
Loan Given	18,400,000 (22,030,510)	- (-)	- (-)	- (-)	184,00,000 (22,030,510)
Loan Recovered	84,450,000 (-)	- (-)	- (-)	- (-)	84,450,000 (-)
Purchase of Fixed Asset	3,575,000 (-)	- (-)	- (-)	- (-)	3,575,000 (-)

ii) Names of related parties, description of relationship and outstanding as on 31st March, 2010 :

(Amount in Rupees)

Related Party		Relationship	Balance as at 31st March, 2010	Balance as at 31st March, 2009
a. Associates:				
Khaitan (India) Ltd.	(A)	Associate	DR. 70,003,834	DR. 181,783,774
Khaitan Lefin Ltd.	(A)	Associate	-	-
b. Key Management Personnel & Relatives:				
Sri S.K. Khaitan	(R)	Father of Vice Chairman Sri Sunil K. Khaitan	-	-
Sri Sunil K. Khaitan	(KMP)	Wholetime Director	-	-
Sri Sajjan Dabriwal	(KMP)	Wholetime Director	CR. 68,600	CR. 56,300
Sri G.R. Choudhary	(KMP)*	Wholetime Director	-	-
Sri R.A. Lohariwala	(KMP)*	Wholetime Director	-	CR 49,672
Sri P.S. Prabhakar	(KMP)*	Wholetime Director	-	-
Smt. Sarita Dabriwal	(R)	Wife of WTD, Sri Sajjan Dabriwal	-	-
M/s. Jaima Udyog	(R)*	Proprietorship concern owned by wife of WTD, Sri R.A. Lohariwala	-	CR 416,774
M/s. P.R.C. Industries	(R)*	Proprietorship concern owned by brother of WTD, Sri G.R. Choudhary	-	CR 108,920
c. Other Related Parties:				
Jaima Appliances P.Ltd.	(ORP)*	Enterprise over which Sri R.A. Lohariwala, WTD exercise significant influence	-	CR 447,681

\* Ceased to be related parties w.e.f. 01.10.2008.

## Schedules forming part of the Accounts

### Schedule - 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

- iii) In respect of the above parties, there is no provision for doubtful debts as on 31st March, 2010 and no amount has been written off or written back during the year in respect of debts due from/to them.
- iv) The Significant transactions during the year with related parties are as under:

(Amount in Rupees)

			2009-2010	2008-2009
a. Khaitan (India) Ltd.,	(A)	Licence Agreement (Royalty Payment)	49,298,925	37,622,731
		Sale of Goods	-	13,445,020
		Lease Income	60,000	60,000
		Purchase of Fixed Asset	3,575,000	-
		Interest Payment	6,855,138	6,807,642
		Interest Receipt	15,820,796	23,893,633
		Loan Given	33,00,000	19,350,000
		Loan Recovered	69,350,000	-
b) Khaitan Lefin Ltd.	(A)	Loan Given	15,100,000	2,680,510
		Loan Recovered	15,100,000	-
		Interest Payment	-	106,746
		Interest Receipt	545,750	-
c) Sri S.K.Khaitan	(R)	Receiving of Services (Remuneration)	25,000	25,000
d) Sri Sunil K Khaitan	(KMP)	(Remuneration)	4,320,967	4,303,623
Sri Sajjan Dabriwal	(KMP)	(Remuneration)	1,399,122	1,400,765
Sri G.R.Choudhary	(KMP)	(Remuneration)	-	518,400
Sri R.A.Lohariwala	(KMP)	(Remuneration)	-	605,700
Sri. P.S.Prabhakar	(KMP)	(Remuneration)	-	610,765
Smt. Sarita Dabriwal	(R)	(Remuneration)	366,715	367,153
e) P.R.C.Industries	(R)	Receiving of Services	-	77,035
Jaima Udyog	(R)	Receiving of Services	-	2,665,418
Jaima Appliance (P) Ltd	(ORP)	Receiving of Services	-	3,407,009

iv) Related party transactions Notes :

- Figures in the brackets pertain to previous year.
- The company has neither written off nor written back any amount recoverable/payable from / to any related party during the year.
- The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

16. Disclosure under clause 32 of the listing agreement

There are no transactions (except related party transactions) which are required to be disclosed under clause 32 of the listing agreement with the stock exchanges where the equity shares of the company are listed.

## Schedules forming part of the Accounts

### Schedule – 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

17. The break up of net Deferred Tax Liability / (Assets) as under:

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
a) Deferred Tax Liability		
Depreciation	18,607,135	19,211,650
b) Deferred Tax Assets		
Provision for doubtful debts/claims	(5,337,861)	(4,465,672)
Provision for unabsorbed Depreciation	-	(6,755,000)
Provision for unabsorbed Losses	-	(10,180,000)
Provision for Gratuity / Leave Encashment	455,959	(202,553)
Net Deferred Tax Liability / (Assets)	<b>13,725,233</b>	<b>(2,391,575)</b>

18. Earnings Per Share - The numerator and denominator used to calculate Basic/Diluted Earning per share:

	2009-2010	2008-2009
i. Amount used as the numerator:		
Profit / (Loss) After Tax	35,923,285	(47,793,116)
Profit / (Loss) Available For Shareholders	35,923,285	(47,793,116)
ii. Basic/Weighted Average number of Equity Shares used as the denominator	11,500,000	11,500,000
iii. Nominal Value of Equity Shares Rs.	10	10
iv. Basic/Diluted Earnings per Share Rs.	3.12	(4.16)

19. Goods in Transit include Raw Materials Rs. 2,627,715 (Previous Year Rs. 2,311,189, Stock-in-Trade Rs. 11,233,546 (Previous year Rs. 8,068,298) and Stock in Process Rs. 3,524,514 (Previous Year 3,099,998)

20. As per Accounting Standard – 15 “Employee Benefits”, the disclosure of Employee Benefits as defined in the Accounting Standard are as follows:

#### Defined Contribution Plan :

Employee benefits in the form of Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund are considered as defined contribution plan and the contributions are made in accordance with the relevant statute and are recognized as an expense when employees have rendered service entitling them to the contributions. The contribution to defined contribution plan, recognized as expense for the year are as under:

Defined Contribution Plan	Amount (Rs.) 2009-2010	Amount (Rs.) 2008-2009
Employer’s Contribution to Provident Fund	7,792,276	7,543,538
Employer’s Contribution to Employee State Insurance Scheme	1,732,263	1,886,171
Employer’s Contribution to Labour Welfare Fund	10,548	9,837

## Schedules forming part of the Accounts

### Schedule - 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

#### Defined Benefit Plan:

Post employment and other long-term employee benefits in the form of gratuity and leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognized in the balance sheet represent the present value of the obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount recognized in the profit and loss account for the year ended 31st March, 2010 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2010 is as follows:

#### I. Components of Employer Expense:

	Gratuity (Funded)		Leave Encashment (Funded)	
	2009-2010	2008-2009	2009-2010	2008-2009
1. Current Service Cost	1,573,949	1,699,257	912,671	1,042,676
2. Interest Cost	1,457,875	1,246,367	463,174	378,890
3. Expected Return on Plan Asset	(1,964,266)	(1,752,602)	(458,661)	(360,143)
4. Actuarial (gain)/loss recognized in the year	1,146,685	1,165,677	154,345	275,336
5. Net Expense Recognised in statement of Profit & Loss Account	2,214,243	2,358,699	1,071,529	1,332,759

#### II. Change in Present Value of Defined Benefit Obligation:

1. Present Value of Defined Benefit Obligation at the beginning of the year	18,223,443	15,579,587	5,789,674	4,736,122
2. Interest Cost	1,457,875	1,246,367	463,174	378,890
3. Current Service Cost	1,573,949	1,699,257	912,671	853,537
4. Benefits Paid	(1,432,865)	(1,003,459)	(658,750)	(231,685)
5. Actuarial (Gain) / Losses	1,146,685	1,165,677	154,345	275,336
6. Present Value of Obligation at the End of the Year	20,969,087	18,687,429	6,661,114	6,012,200

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

1. Plan Assets at the Beginning of the year	20,470,142	19,218,951	4,484,072	3,449,417
2. Expected Return on Plan Assets	1,964,266	1,752,602	458,661	360,143
3. Actual Company Contribution	2,320,671	925,646	1,396,650	1,140,151
4. Actual Benefits Paid	(1,432,865)	(1,003,459)	(658,750)	(231,685)
5. Plan Assets at the End of the year	23,322,214	20,893,740	5,680,633	4,718,026

#### IV. Net Asset / (Liability) recognized in the Balance Sheet as at 31st March, 2010:

1. Present Value of Defined Benefit Obligation	20,969,087	18,687,429	6,661,114	6,012,200
2. Fair Value of Plan Assets	(23,322,214)	(20,893,740)	(5,680,633)	(4,718,026)
3. Funded Status [Surplus/(deficit)]	(2,353,127)	(2,206,311)	980,481	1,294,174
4. Net (Asset)/Liability recognized in Balance sheet	(2,353,127)	(2,206,311)	980,481	1,294,174

#### V. Actuarial Assumption

1. Discount Rate (per annum)	8%	8%	8%	8%
2. Salary Increases	5%	5%	5%	5%
3. Retirement/ Superannuation Age	58	58	58	58

#### VI. Major Catagory of Plan Assets as a % of the Total Plan Assets as at 31st March, 2010:

1. Administered by Life Insurance Corporation Of India	100%	100%	100%	100%
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# Schedules forming part of the Accounts

## Schedule – 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

### VII. Basis of estimates of rate of escalation in salary

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The Gratuity Expenses & Leave Encashment have been recognized in “Salaries, Wages, Bonus etc.” under Schedule-10.

### VIII. Relevant information relating to 2007-08

	Gratuity	Leave Encashment
a. Present Value of Obligation	1,527,775	4,546,983
b. Fair Value of Plan Assets	19,218,951	3,449,417
c. Surplus / (Deficit) in the Plan	3,941,200	(1,097,566)

IX. The amount of the Present Value of Obligation, Fair Value of Plan Asset and Surplus/Deficit in the plan for the previous to annual period are not available and therefore not disclosed.

### 21. Details of Products Manufactured, Purchased, Sold, Opening and Closing Stock:

(Amount in Rupees)

Sl. No.	Particulars	Unit	Installed Capacity	Opening Stock		Production	Purchase		Sales		Closing Stock	
				Qty.	Val. Rs.	Qty.	Qty.	Val. Rs.	Qty.	Val. Rs.	Qty.	Val. Rs.
1.	Electric Fans 2009-2010	Nos.	3,430,000	452,497	392,617,607	2,090,933	778,439	641,064,087	2,782,395	2,579,747,986	539,474	495,044,290
	2008-2009	Nos.	3,430,000	313,962	278,294,082	1,661,188	547,559	370,353,065	2,070,212	1,956,522,240	452,497	351,447,191
2.	Air Coolers 2009-2010	Nos.	50,000	1,130	2,623,381	-	-	-	176	232,374	954	1,989,680
	2008-2009	Nos.	50,000	1,442	4,130,667	-	2	7,961	314	466,711	1,130	2,623,381
3.	Pumps 2009-2010	Nos.	185,000	41,983	76,704,992	140,571	143,536	37,419,679	251,350	294,286,093	74,740	137,736,821
	2008-2009	Nos.	185,000	45,174	49,582,833	91,639	48,148	34,891,658	142,978	233,765,147	41,983	76,704,992
4.	Home Appliances* 2009-2010	Nos.	-	148,943	86,363,895	-	428,707	237,096,385	421,131	332,136,436	156,519	110,139,672
	2008-2009	Nos.	-	103,393	53,362,832	-	374,550	204,969,900	329,000	269,807,168	148,943	127,534,311
5.	Others* 2009-2010	Nos.	-	1,163	5,644,188	-	381	3,311,251	984	6,029,407	560	3,400,697
	2008-2009	Nos.	-	850	2,374,492	-	2,781	20,311,588	2,468	18,618,849	1,163	5,644,188
6.	Lighting Products 2009-2010	Nos.	-	1,849,850	115,693,163	53,100	5,001,072	346,660,159	4,851,027	386,100,808	2,052,995	156,566,241
	2008-2009	Nos.	-	2,868,712	199,083,123	26,377	4,753,203	236,963,768	5,798,442	328,941,900	1,849,850	115,693,163
7.	Switchgear* 2009-2010	-	-	-	129,724,713	-	-	58,691,766	-	59,784,538	-	127,830,765
	2008-2009	-	-	-	148,951,629	-	-	108,165,913	-	126,849,950	-	129,724,713
8.	Accessories* 2009-2010	-	-	-	43,486,822	-	-	20,203,915	-	10,512,842	-	57,888,144
	2008-2009	-	-	-	33,176,009	-	-	11,941,899	-	2,515,898	-	43,486,822
Total	2009-2010			-	852,858,761	-	-	1,344,447,242	-	3,668,830,484	-	1,090,596,310
	2008-2009			-	768,955,667	-	-	987,605,752	-	2,937,487,863	-	852,858,761

Notes: (a) Licensed Capacities : Not Applicable

(b) Installed Capacities : As certified by the Management.

(c) Sale include 24,718 Nos fans Damaged/Destroyed (Previous year Nil)

\* Traded

\*@ In view of the large number of items dealt with, it is not practical to give quantitative details.

## Schedules forming part of the Accounts

### Schedule - 12 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (CONTD.)

#### 22. Value of imports & indigenous Raw Materials and Components, consumed during the year :

	2009-10		2008-09	
	Rs.	%	Rs.	%
<b>a. Raw Materials &amp; Components</b>				
Imported	172,435,759	14	86,743,730	9
Indigenous	1,067,759,353	86	906,681,434	91
	<b>1,240,195,112</b>	<b>100</b>	<b>993,425,164</b>	<b>100</b>
<b>b. Consumable Stores &amp; Tools</b>				
Imported	-	-	-	-
Indigenous	5,116,969	100	4,348,525	100
	<b>5,116,969</b>	<b>100</b>	<b>4,348,525</b>	<b>100</b>

#### 23. Raw Materials & Components Consumed

Description	Unit	2009-10		2008-09	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
C.I.Castings	Tonnes	160.269	6,456,944	440.450	34,548,387
Lamination/Silicon Steel Sheets	Tonnes	3,418.198	203,286,077	2336.177	158,658,358
Copper Wire	Tonnes	614.148	222,847,103	476.868	171,378,486
Aluminium Ingots	Tonnes	694.920	71,975,976	520.416	57,978,783
Aluminium Sheets	Tonnes	803.293	107,547,030	604.916	89,992,325
Ball Bearings	Nos.	3,722,427	54,470,298	3,120,190	44,611,914
Paints & Thinners	Litres	474,733	55,284,240	335,038	39,967,327
Capacitors	Nos.	2,123,974	25,942,858	1,714,612	20,343,408
PP/ABS Powder	Tonnes	224.023	18,618,593	159.595	13,701,042
Sealed Tubular Glass	Nos.	-	-	83,066	1,151,247
Other Materials & Components		-	473,765,993	-	361,093,887
			<b>1,240,195,112</b>		<b>993,425,164</b>

#### 24. Value of Imports calculated on C.I.F. Basis

(Amount in Rupees)

	2009-10	2008-09
Raw Materials	172,271,454	87,573,534
Finished Goods	100,368,001	42,238,048
Capital Goods	765,846	-

#### 25. Expenditure in Foreign Currency

(Amount in Rupees)

	2009-10	2008-09
Travel Expenses	1,499,472	48,313
Interest to Banks	22,221,869	26,677,198
Others	11,26,705	1,702,028

#### 26. Earning in Foreign Exchange

(Amount in Rupees)

	2009-10	2008-09
FOB Value of Exports	88,216,302	107,215,875

27. Previous Year's figures have been re-grouped / rearranged, wherever necessary, to make them comparable with those of the previous year.

# Balance Sheet Abstract

## 28. Information pursuant to Part IV of the Companies Act, 1956:

### Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	
Registration No.	L31909AP1975PLC001949
State Code	01
Balance Sheet Date	31.03.2010
II. Capital Raised During the Year (Rs. in Thousands)	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds (Rs in Thousands)	
Total Liabilities	2833101
Total Assets	2833101
(Net of Current Liabilities and Provision Rs. 1,311,255 )	
<b>Sources of Funds</b>	
Paid-up Capital	115000
Reserves & Surplus	1032401
Secured Loans	1324537
Unsecured Loans	347438
Deferred Tax Liabilities	13726
<b>Application of Funds</b>	
Net Fixed Assets	246087
Net Current Assets	2523259
Investments	63756
Deferred Tax Assets (Net)	-
Misc. Expenditure (to the extent not w/off)	-
IV Performance of Company (Rs. in Thousands)	
Turnover	3733505
Total Expenditure	677290
Profit/(Loss) Before Tax	56215
Profit/(Loss) After Tax	35923
Earning Per Share Basic & Diluted Rs.	3.12
Dividend Rate %	-
V. Generic Names of three Principal Products / Services of Company (as per monetary terms)	
Item Code No.	84145102
(ITC Code)	
Product Description	CEILING FAN
Item Code No.	85393100
(ITC Code)	
Product Description	LIGHT PRODUCTS
Item Code No.	85164000
(ITC Code)	
Product Description	HOME APPLIANCES

### Signatories to Schedules 1 to 12

For <b>V.S. Rao &amp; Co.</b> Chartered Accountants (Registration No. 003157S)	For <b>G.P. Agrawal &amp; Co.</b> Chartered Accountants (Registration No. 302082E)	<b>S.K. Khaitan</b> Chairman	<b>Ajay Kajaria</b> Director	<b>Biswajit Choudhuri</b> Director	<b>G.R. Choudhary</b> Chief Financial Officer & Secretary
<b>CA. V.G. Tarak Nath</b> Partner Membership No. 23302	<b>CA. Sunita Kedia</b> Partner Membership No. 60162	<b>Sunil K. Khaitan</b> Vice Chairman & Managing Director	<b>M.G. Todi</b> Director	<b>V.K. Rungta</b> Director	

Kolkata  
29th May, 2010

# khaitan electricals limited

Registered office: A-13, Co-operative Industrial Estate, Balanagar, Hyderabad - 500 037

## PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member(s) of KHAITAN ELECTRICALS LIMITED hereby appoint

\_\_\_\_\_ of \_\_\_\_\_ or failing him/ her \_\_\_\_\_

on my/ our behalf at the 34th Annual General Meeting of the Company to be held on 16th September, 2010 at 11.00 a. m. and at any adjournment thereof.

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

Signed by the said \_\_\_\_\_

Folio/Client ID No \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re 1/-

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 electricals limited

Registered office: A-13, Co-operative Industrial Estate, Balanagar, Hyderabad - 500 037

## ATTENDANCE SLIP

I hereby record my presence at the 34th Annual General Meeting of the Company to be held at the Federation of A.P. Chambers of Commerce and Industry (FAPCCI) premises -Surana Udyog Auditorium A/c, Federation House, 11-6-841, Red Hills, Hyderabad-500 004 on 16th September, 2010 at 11.00 a.m.

Name of the shareholder \_\_\_\_\_  
(in block letters)

Folio/client ID No \_\_\_\_\_

No. of Shares held \_\_\_\_\_

This attendance slip filled in accordance with the specimen Signature registered with the Company to be handed over before the meeting.



